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THE

WAGES QUESTION

A TREATISE ON

WAGES AND THE WAGES CLASS

BY

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CONTENTS.

PART I.—PRODUCTION AND POPULATION.

PAGE

CHAPTER I.

WAGES A QUESTION IN THE DISTRIBUTION OF WEALTH..... 3

CHAPTER II.

NOMINAL AND REAL WAGES..... 12

CHAPTER III.

NOMINAL AND REAL COST OF LABOR..... 40

CHAPTER IV.

THE DEGRADATION OF LABOR..... 81

CHAPTER V.

THE LAW OF DIMINISHING RETURNS..... 89

CHAPTER VI.

MALTHUSIANISM IN WAGES—THE LAW OF POPULATION..... 101

CHAPTER VII.

NECESSARY WAGES..... 109

CHAPTER VIII.

THE WAGES OF THE LABORER ARE PAID OUT OF THE PRODUCT OF HIS INDUSTRY..... 128

CHAPTER IX.

THERE IS NO WAGE-FUND IRRESPECTIVE OF THE NUMBER AND INDUSTRIAL QUALITY OF LABORERS..... 138

PART II.—DISTRIBUTION.

CHAPTER X.

THE PROBLEM OF DISTRIBUTION—COMPETITION—THE DIFFUSION THEORY—THE ECONOMICAL HARMONIES..... 155

CHAPTER XI.

THE MOBILITY OF LABOR..... 174

CHAPTER XII.

THE WAGES CLASS..... 206

CHAPTER XIII.

THE CAPITALIST CLASS—RETURNS OF CAPITAL—RENT AND INTEREST..... 224

CHAPTER XIV.

THE EMPLOYING CLASS—THE ENTREPRENEUR FUNCTION—THE PROFITS OF BUSINESS..... 243

CHAPTER XV.

CO-OPERATION: GETTING RID OF THE EMPLOYING CLASS..... 262

CHAPTER XVI.

THE TRUE WAGES QUESTION..... 289

CHAPTER XVII.

WHAT MAY PLACE THE WAGES CLASS AT A DISADVANTAGE.... 303

CHAPTER XVIII.

WHAT MAY HELP THE WAGES CLASS IN ITS COMPETITION FOR THE PRODUCT OF INDUSTRY..... 345

CHAPTER XIX.

MAY ANY ADVANTAGE BE ACQUIRED BY THE WAGES CLASS THROUGH STRIKES OR TRADES-UNIONS?..... 385

CONCLUDING REMARKS..... 409

PART I.

PRODUCTION AND POPULATION.

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THE WAGES QUESTION.

CHAPTER I.

WAGES A QUESTION IN THE DISTRIBUTION OF WEALTH.

All the questions of Political Economy may, both conveniently and appropriately, be grouped under four titles, namely, the Production, the Distribution, the Exchange, and the Consumption of Wealth. All wealth has, of course, to be produced, in the first place; and, moreover, it is produced to be consumed, and for this end alone. Production and Consumption, therefore, are concerned with the entire sum of wealth.

All wealth, however, is not exchanged[1]; nor is all

[1] Not only is not, but could not be. I say this to meet the suggestion that wealth, though actually not exchanged, is yet always subject to exchange in the sense that, if that particular form of wealth were to rise, or some possible substitute for it in use were to fall markedly in price, exchange would then take place, so that such wealth should still be regarded as within the domain of exchange. But the state of facts assumed is not real. No matter how much rice might advance, or other food decline in price, no human power could take all the crop out of India and bring back a food-substitute to the people, even were it Liebig's extract. The whole transportation system of India, reinforced by the revenues of the British Government, broke down under the effort, in 1873–4, to distribute to the people of certain districts of India an amount of rice equivalent to but a small portion of their usual crop. The railroads and water-courses of the United States could not take all the crops from the farms where they were raised.

wealth distributed. Exchange and Distribution, therefore, have not to deal with the entire sum of wealth. Nor is that part of wealth which is excluded from Exchange identical with that which is excluded from Distribution. Vast amounts of wealth are exchanged which are not distributed; vast amounts are distributed which are not exchanged.

The term Production of Wealth does not need, for our present purposes, to be defined.

Consumption, in the economical sense, is the use of wealth. The actual destruction of wealth thereby may be total or partial, rapid or slow, according to the nature of the material and the object to which it is directed. The Consumption begins when the use begins.

"That almost all that is produced is destroyed, is true; but we can not admit that it is produced for the purpose of being destroyed. It is produced for the purpose of being made use of. Its destruction is an incident to its use; not only not intended, but, as far as possible, avoided."[1]

Wealth is exchanged, in the meaning of the political economist, when the producer and the consumer of it are different persons; and this, whether different persons have united in the production of it or not.

On the other hand, wealth must be distributed when different persons (having separate legal interests) unite in production; and this, whether the product is to be exchanged or not.

In illustration of the latter case, let us suppose that a dozen persons unite in a fishing venture, on equal or unequal shares. Upon their return the product is distributed—that is, divided into shares—among them. It may be that each of the producers will desire all the fish thus falling to his share for his own immediate consumption, or to be salted down for winter use: then none of the product will be exchanged, though all of it has been subject to distribution.

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[1] N. W. Senior, Pol. Econ., p. 54.

Or, again, some of the fishermen may desire to sell the whole, others portions only, of their fish, in order to purchase articles more adapted to their necessities: then we should have a product distributed wholly and exchanged in part.

In illustration of the former case, let us take a small farmer, in the American sense of that term,[1] a peasant proprietor in the phrase of Europe, cultivating his land by his own labor and that of his minor children, and perhaps of his wife as well. The product here is not distributed, because it is all his,[2] the children and, for that matter, the wife, having no separate interests legally, and the avails of their labor going entire to the father and husband. The product, therefore, not being divisible into shares representing the claims of different producers, Distribution is not concerned at all with it; yet a part of it, or the whole, may be exchanged. If the farm were situated in one of our North-eastern States, and the product were chiefly pork, corn, potatoes, and garden vegetables, the greater part would presumably go to the support of the family, and but little would be exchanged for other articles. If, on the

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[1] "When we speak of an American farmer, we generally mean one who is the absolute owner of the land and every thing on it."—T. Sedgwick, Pol. Econ., p. 54.

[2] It may be said that the father and husband is bound, both morally and legally, to support his wife and children out of the product; and that the subsistence thus derived by them constitutes, in effect, their wages. To this it will be sufficient to answer, first, that the amount and character of that subsistence are not determined by contract between the parties, as in the case of what may properly be called wages, but, within the limits of the mere support of life, are wholly at the will and discretion of the head of the family, having no relation to what other persons, rendering the same character and amount of service, may be receiving next door; and, second, which settles the question, that the head of the family is equally bound to supply subsistence whether the wife and children labor or not. In the case of children too young to labor, or of an invalid wife, the obligation of the head of the family, in respect to subsistence, is precisely the same.

other hand, it were situated in one of the Southern seaboard States, and the product were cotton, the whole of it, though not distributed, would be exchanged, being sold to purchase breadstuffs, clothing, West-India goods, etc.

Both the Exchange and the Distribution of Wealth may be, according to subject and circumstance, either simple and obvious, or effected through most complicated and roundabout processes. Thus, Exchange may take place in the form of direct barter between two neighbors, each giving some of what he has for some of what he wants; or it may involve the services of railroad, steamship, and ocean telegraph, with the mediation of importers, jobbers, wholesalers, and retailers.

In like manner, Distribution may take the form of a simple division of a product into two or three equal shares; or it may involve the partition of the annual avails of a factory among five hundred persons having claims upon the product, in shares varying from that of the nine-year-old "half-timer," working under the Factory acts, to that of the employer or the owner of the mill.

The distinction which I have sought here to illustrate between the Exchange and the Distribution of Wealth is not of importance in the general theory of political economy only, but it is of immediate application to the problem of Wages. I shall seek to show[1] that the fact that a large portion of the wealth produced is not distributed, while yet it is exchanged, may have a powerful influence on the condition of those classes who produce distributed wealth. In my opinion, one can no more explain all the phenomena of distribution without reference to the fact of a vast undistributed product, than one could explain the movement of the Gulf Stream without reference to the colder waters through which and over which it flows.

[1] P. 220.

These brief remarks upon the scope of the four departments of Political Economy will be sufficiently connected with the special topic of this work by the remark that the question of Wages is a question in the Distribution of Wealth.

Now it is clear that in treating of the Production of Wealth we need to distinguish industrial *functions;* and this the systematic writers have done with great success, and we have the laws of production developed early in the history of economical investigation with great completeness, little being left to be added by later writers.

But is it not equally clear that in treating of the Distribution of Wealth, we need to distinguish industrial *classes*, recognizing industrial functions only as they serve to characterize such classes? This the systematic writers in economics have generally failed to do; and I venture to think there is in this the explanation of the little progress made towards the settlement of the important questions in this department of the science.

Thus the political economist, having shown, by careful analysis and apt illustration, the parts taken in production by labor and by capital, carries the same classification forward into Distribution, and speaks of the shares of the product received by labor and by capital respectively. Now it does not follow at all, as a matter of course, that because labor and capital perform parts which can be clearly distinguished in production, they will receive separate shares in the distribution of the product. That will depend on whether these functions are or are not united in the same persons. In the distribution of wealth, shares go to persons, who may be grouped in larger or smaller classes, having less or more in common. So far as the function performed in production may serve to characterize the industrial class, so far the function may be recognized in treating the questions of Distribution, but only so far. Beyond this it becomes as idle to refer in distribution to functions performed in production as it would be to seek

to identify the members of the body engaged in a certain kind of labor, and undertake to show the parts of the produce which go severally to the hand, the eye, and the foot. It is true that we find men laboring, generally at reduced wages, who have lost one or both hands, one or both eyes, one or both feet; and the economist may, by judicious inquiry, satisfy himself how much these unfortunate persons lose in wages by their several infirmities. But this would not be held to justify the extension of such an analysis or dissection to the vastly greater number of sound laborers, and the erection of a system of distribution based on the respective contributions of the several parts of the undivided body to the work of production.

Now, as matter of fact, although labor is a function in production which is always separable in idea from the work of capital, the instances where capital is furnished by one person and labor performed wholly by a different person are, if we look over the world, fewer[1] by far than those in which capital is furnished more or less by those who perform the labor, and in which labor is performed more or less by those who furnish the capital. In other words, it is not the rule, but the exception, that one or the other industrial function shall characterize the industrial person or class, just as, notwithstanding all the effects of malicious and accidental injury, the number of those who preserve all their organs and members exceeds the number of the maimed, the halt, and the blind.

Yet the great body of systematic writers in political economy have carried the classification which resulted from their analysis of the processes of production over, without change, into the discussion of the questions of distribution; and having found labor and capital the two agents in production, have proceeded to speak of the remuneration of labor and the remuneration of capital, as if labor

[1] Chapter XII.

and capital did in fact receive shares always distinct in the distribution of wealth.

Now it is easy to show that the term Labor, according to this use of it, includes the part in industry of five classes of persons clearly separable in economical idea, and generally to be distinguished clearly in life, namely: 1st, the class who work for themselves, by themselves, either on their own land (the "peasant proprietor" of Europe, and the American "farmer") or in mechanical trades. This class may consume their own products entire,[1] or exchange them in a greater or less degree, but in either case there is no distribution. 2d, the tenant occupier of land, like the cottar of Ireland or the ryot of India, who receives the whole produce, subject only to the deduction of rent for the natural powers of the soil. 3d, the class of persons working for hire (*e. g.*, domestic servants, soldiers, clergymen) who are paid out of the revenue of their employers, and are not employed with any reference to the profits of production. 4th, the class of persons working for hire, whether in agriculture, in trade, or in mechanical pursuits, who are paid out of the product of their industry, and are employed with reference to the profits of production.

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[1] Throughout the present discussion I shall waive all question of the amount derived by the government from taxation. Whether taxes be, as Professor Senior claims (Pol. Econ., p. 182–5), "a form of expenditure," and hence only cognizable in the department of Consumption, it is not needful to decide here. Suffice it to say that even though government were to be regarded as, in a certain sense, a partner in the production of wealth, and a sharer in its distribution, yet, inasmuch as government always enters by force and carries away its part, determining for itself alike how much it will take and to what use it will apply what it takes, political economy can know nothing of it. As the laws are silent amid arms, economical science bows before the tax-gatherer. Whether government shall take much or little for its own purposes out of the wealth that has been produced is the business, not of the economist, but of the statesman. The methods and subjects of taxation do come within the field of political economy, but it is only because they affect the production of future wealth, its distribution, its exchange.

5th, the employers themselves, in so far as they personally conduct and control business operations, their remuneration being styled the "wages of supervision and management."

Now to the remuneration of each of these five classes the economists generally, as I have said, apply the term Wages, although only the third and fourth classes do in fact receive a remuneration for their services distinct from that which they receive for the use of their capital; being therefore the only classes which receive "wages" in the ordinary meaning of that word; and although, in the second place, classes 4 and 5 thus grouped have interests as strongly opposed as human interests can well become.

The explanation of such a classification would fairly seem to be that which has been indicated, namely, that economists have assumed as of course that the industrial functions which they distinguish in the production of wealth will necessarily characterize the industrial classes interested in the distribution of wealth. Otherwise it would scarcely be possible that a classification should be seriously proposed, for the solution of the problems of distribution, which groups together employer and employed; the peasant proprietor, the tenant occupier, and the hired agricultural hand; the navvy and the railroad king; the day-laborer and the domestic servant with a Stewart, an Astor, and a Rothschild.

It is true that labor, in a certain sense of that word, is common to these and all other classes in production; and this fact of itself ought to be enough to show that it is not labor which should be taken to distinguish classes in distribution. It is not what these classes have in common, but those things by which they differ from each other, which should be made the means of characterizing them as claimants to the product of industry.

It might fairly be expected that after insisting thus peremptorily that the question of Wages is a question in the

Distribution of Wealth, and that, in distribution, not industrial functions, but industrial classes, should be considered, one would in a treatise on Wages at once proceed to state the problem of distribution, and to define the wages class as a party thereto. But, on the contrary, I shall be obliged to take up and explain with much particularity certain principles of Production and Population which can not safely be assumed for our present purposes, and also to deal at some length with a current theory respecting the remuneration of labor, which squarely blocks the way to a philosophy of Wages.

CHAPTER II.

NOMINAL AND REAL WAGES.

A DISTINCTION which needs to be apprehended with great clearness and held strongly in the mind, throughout all discussion of Wages, is that between Nominal and Real Wages.

Real Wages are the remuneration of the hired laborer as reduced to the necessaries, comforts, or luxuries of life. These are what the laborer works for; these are truly his wages. The money he receives under his contract with his employer is only a means to that end; sometimes, as it proves, a most delusive means. If, as is the case with the great majority of his class, he spends every week or every month his entire earnings, he can see for himself, no matter how little given to reflection, that his wages are not his money, but what his money brings. If, again, he is frugal and forehanded enough to save a portion of his wages, and hoard it up or put it out at interest, it is still true, though not perhaps so evident, that this portion of his wages also means, in some near or distant future, "food, clothing, lodging, and firing" to himself or to his family. The habitual miser, the person who loves money for its own sake, is one of the most exceptional of human beings, the victim, doubtless, of a distinct form of disease as truly as the subject of alcoholism.

But this reduction of Nominal to Real Wages is not an easy matter. "No one," says Mr. G. R. Porter in his Progress of the Nation, "unless he shall have made the at-

tempt to obtain information of this kind, can be aware of the difficulties opposed to his success."

Real may differ from Nominal Wages by reason of:

1st. Variations in the purchase-power of money.

2d. Varieties in the form of payment.

3d. Opportunities for extra earnings.

4th. The greater or less regularity of employment.

5th. The longer or shorter duration of the laboring power.

I shall consider these causes[1] in the order in which they are here given.

I. The purchase-power of money may vary by reason of changes in the supply of, or in the demand for, money. First, of changes in the supply of money.

(*a*) *Changes of Coinage.*—If a given amount of gold or silver be rendered into a greater number of coins than formerly, it is evident that each coin will purchase fewer commodities. Now when it is stated that the English "pound" of to-day contains less than one third the standard silver it contained in 1300 A.D.—12 oz. of English silver coin metal being now rendered into 66 shillings, whereas a shilling[2] is nominally the twentieth part of a "pound"—and that the French livre of 1789 contained less than one sixty-sixth part of the silver implied in its name, the importance of

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[1] To the considerations enumerated must be added, as Mr. Ward has shown, still another, in the case of laborers working *by the piece*. "When piece-work is done, you have to consider not only the price per piece paid, but also the conditions, as of machinery, etc. Thus the Hyde spinners in 1824 struck because they were getting less per piece than others, though all the time they were, by reason of improved machinery, actually *earning more* per day."—Workmen and Wages, p. 23.

[2] The shilling in America suffered a still harder fate—twenty "York shillings" having the value of but $2.50, and 20 New-England shillings the value of $3.33. In Pennsylvania the "dollar" was, at different dates, worth 4*s.* 6*d.*; 5*s.*; 5*s.* 6*d.*: 6*s.*; 6*s.* 6*d.*; 7*s.*; 7*s.* 6*d.*—Colwell's Ways and Means of Payment, p. 99.

this discrimination in historical comparisons of wages becomes manifest.

Even in comparison of contemporary wages, care has often to be taken lest coins of the same name but of differing value be confounded. Thus, in the United States, the York shilling (eight to a dollar) and the New-England shilling (six to a dollar) were until recently liable to be taken for each other in calculation of prices. In the same way the English penny differs from the penny in use in the island of Jersey, of which it takes thirteen to make a shilling.

(*b*) *Changes in the amount of the precious metals in circulation.*—The history of the production of gold and silver is a history of often intermitted and always highly spasmodic activity. Thus in the year 800 there is supposed to have been on hand gold and silver to the value, as expressed in American gold coin, of $1,790,000,000. Between that date and 1492, the date of the discovery of America, with its vast reserves of mined and resources of unmined treasure, the estimated product was $345,000,000. Between 1492 and 1803 the product is given as $5,820,700,000; between 1803 and 1848, as $2,484,000,000; between 1848 and 1868, as $3,571,000,000. The effect upon prices wrought by such wholesale changes in the volume of the precious metals has long been discussed, and with great fulness, by economical writers, as influencing the wages of labor, producing a wide divergence between real and nominal wages in comparison of different periods; but we owe to Prof. Cairnes[1] the demonstration that this cause is also influential in creating disturbances in contemporary wages, the effect upon prices being produced very irregularly as between countries, and as between different classes of commodities in the same country.

(*c*) *Fluctuations in the paper substitutes for coin.*—A paper currency purporting to be convertible into coin, but in

[1] Essays on the Gold Question, 1858–60.

fact issued, in reliance on the doctrine of chances, in considerable excess of the amount of gold and silver held for its redemption, will undergo far more sudden and violent changes than would be possible with a gold and silver currency, or a paper currency based, dollar for dollar, upon the precious metals. The reason is that, as the excess of circulation over the specie basis consists of credit, and not of value, it is governed, both in expansion and in contraction, by the condition of credit, and not by the laws of value, as a value currency would be. It costs twice as much labor to raise two thousand ounces of gold from the mine as to raise one thousand ounces. It costs no more to engrave, print, and sign a thousand two-dollar than a thousand one-dollar bills. Since, then, a paper circulation may be increased without labor, all such currencies have shown a strong tendency to increase under every speculative impulse in trade, the currency allowing prices to advance, and the advance of prices, in turn, quickening the speculative impulse, and thus creating new demands for additional currency. When, however, prices have been carried to their height, and the market begins to feel the effects of highly-stimulated foreign importations, while for the same reason the specie basis of an already dangerously inflated circulation begins to be drawn upon to pay for the goods thus brought in, the contraction of the currency will be even more sudden and extreme than was the expansion. Not a gold dollar can be taken away unless something is given for it; a bank-bill has cost nothing: it will cost nothing to replace it. It may therefore be destroyed without loss to the bank.

But while a wide divergence between Nominal and Real Wages may be created by the alternate expansions and contractions of a currency issued on the doctrine of chances in excess of its specie basis, the disturbances hereby introduced into wages are slight compared with those caused by the issue of inconvertible government paper. Thus we find Washington writing, during the Revo-

lution, that it took a wagon-load of money to buy a wagon-load of provisions. The money of which he thus wrote was the famous "Continental currency." The depreciation of this currency had been rapid. March 1st, 1778, $1 in coin would purchase $1.75 in paper; Sept. 1st, 1778, $4; March 1st, 1779, $10; Sept. 1st, 1779, $18; March 18th, 1780, $40; Dec. 1st, 1780, $100; May 1st, 1781, $200–500.

The printing-press had nearly fulfilled the prediction of John Adams, in making "money as plenty, and of course as cheap, as oak-leaves."[1] Mr. Jefferson says[2] that the paper continued to circulate in the Southern States till it had fallen to $1000 for $1. We are familiar with the prices at which the necessaries of life were purchased in currency thus depreciated: "Bohea tea, forty-five dollars; salt—which used to be sold for a shilling a bushel—forty dollars a bushel, and, in some of the States, two hundred dollars at times; linens, forty dollars a yard; ironmongery of all sorts, one hundred and twenty for one."[3]

I have before me the public records of the second precinct of the township of Brookfield, Massachusetts, for this period. On the 23d May, 1776, a "gospel minister" was called, the terms of settlement being as follows: "Voted and granted the sum of £70 the two first years each as salary, and the third year to rise to £80 per annum during his ministry." The succeeding votes show the effects of the currency inflation: *Dec. 3d*, 1778, "Voted and granted the sum of £220 to the Rev. Mr. Appleton, to be assessed on the polls and estates within this precinct, in addition to the former grant of £80 for the present year." *Oct. 21st*, 1779, "Voted and granted the sum of £720 to the Rev. Mr. Appleton, in addition to his stated salary of £80." *April 3d*, 1780, "Voted that the £220 granted Dec. 3d, 1778, shall go for the preceding year. Voted that the £720 granted Oct. 21st, 1779, be so far reconsidered as that the

[1] Works, ix. 463. [2] Works, ix. 249. [3] Works of J. Adams, vii. 199.

same shall be for the preceding instead of the ensuing year. Then voted and granted the sum of £2420 in addition to his stated salary, to be assessed on the polls and estates within this precinct, for the support of the Rev. Mr. Appleton from October, 1779, to October, 1780."

Second. The purchase-power of money may vary by reason of changes in the demand for money. The supply of money is the amount which is offered for all other commodities; the demand for money is the amount of all other commodities offered for it. Eggs in the Highlands were cheap in Dr. Johnson's day, "not because eggs were plenty, but because pence were few." Whether it be the plentifulness of eggs or the fewness of pence which determines the price, the historian of wages is bound to ascertain.

It is manifest that the annual production of commodities will increase with the efficiency of labor and capital, and that this increase is from age to age very great; also, that the longer this annual production is sustained the greater will be the accumulation of commodities, the results of past production.

Two practical remarks remain to be made, in the nature of warning, to those who undertake the difficult task of instituting such comparisons of wages as are referred to above.

The first relates to the effect of local prices. The commodities into which the laborer desires to render his money wages, bear prices differing greatly in localities not far removed from each other. The mere passage from city to country often produces a marked distinction in the prices of the first necessaries of life; while, where more considerable distances intervene, the differences in local prices are often sufficient to effect a substantial equality between nominal wages widely divergent, or to greatly exaggerate apparent differences. Thus a mechanic living in some portions of

Vermont, away from a railroad, can buy food for his family at prices which would sound like a dream to a town mechanic. Indeed some of the most expensive luxuries of the city, to which professional men scarce aspire, sweet cream, fresh fruits, and new-laid eggs, are within easy reach of his means. The more substantial articles of diet, meats, grains, and vegetables, cost one half, or one third perhaps, what they do in a city market. Would he build a house? The main material costs little; the land less. Does he lease a cottage? His rent is not one fourth what his city cousin pays for perhaps squalid and unwholesome quarters.

But, it may be asked, is not the country mechanic at a disadvantage in respect to all the commodities, whether manufactured articles or the products of agriculture, which are brought from abroad; and does not this disadvantage go far to counterbalance the advantages enumerated? It can not be questioned that a loss is suffered on this account; but it is much less than the gain by reason of two causes: first, the greater share of his expenditures are for articles produced near by; second, those which are brought from abroad are, almost without exception, markedly inferior in bulk to those which are supplied by the domestic market, and hence their price is less enhanced by transportation. He saves upon his meats and grains and vegetables, his fuel, and the timber for his house, the freight of those articles to a market; he pays the freight from market upon groceries and spices; upon clothes and shoes; upon nails and putty and glass.

My second warning relates to the liability of error in comparison of wages due to the great diversity which exists in the articles consumed by the wages class in different places and at different times. Even in the lowest condition of life the laborer's expenditure is upon several articles which are necessary to his subsistence, while in countries where nature is more liberal or art has greatly diversified human industry, the laborer indulges in a con-

siderable variety of expenditures. Now, not only is it true that some of these articles may rise in price while others remain stationary, or even decline—or if all rise, yet each rises in a degree peculiar to itself, and so an average becomes difficult to reach, particularly in the absence of ample and authentic statistics of retail trade, scarcely anywhere attainable—but those articles which make up the subsistence of workingmen are consumed by them in very various proportions, rendering it necessary, in estimating the comparative wages of two periods, to have regard not only to the advance or decline in price of each such article, but also to the amount thereof entering into consumption, inasmuch as a large advance upon some commodity which the laborer uses but rarely and in very limited amounts may affect his well-being far less than a moderate rise in another commodity of prime necessity.

This it is which makes it so difficult to compare wages at different periods in the United States. The habits of the people vary and have varied so greatly in respect to dress and diet, not to speak of other things, as to make it almost impossible to secure a statement which will be accepted by all candid parties to a controversy as to the quantities of each principal article of consumption, which shall represent the expenditure of the average workman's family; and unless a statement of quantities can be accepted as approximately correct, it can afford only a vague idea to secure even a precise statement of the prices of the several articles.

II. Nominal and Real Wages may differ, secondly, by reason of varieties in the form of payment.

Wages are, to a very large extent, though reckoned in money, not paid in money.[1] In agriculture, the world

[1] Even when wages are paid in money, there are two methods by which their real value to the laborer may be reduced in addition to all the causes mentioned under the preceding head. These are, first, the practice of "long-pays," by which the workman is held a long time out of his wages, and obliged to purchase goods meanwhile on credit,

over, full payment in money is highly exceptional where it is not wholly unknown. In England the money wages in general far exceed the estimated value of all the other forms of payment, and rarely constitute less than one half the nominal wages. In Scotland, except in the neighborhood of large towns, payment in kind is very general, while "in some parts of the highlands little money passes at all between employer and employed."[1] In Germany[2] the report of the recent commission of the Agricultural Congress proves the custom of payments in kind to prevail in every province from East Prussia to Alsace. In France[3] this custom prevails to a greater or less extent in nearly all departments. In the United States board to the unmarried laborer is perhaps the rule; while in the South, at least, the payment in kind generally includes the subsistence of the laborer and his family, and, to a considerable extent, other necessaries of life.

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on ruinous terms. This is sometimes necessary in new countries; but in old countries it is often resorted to needlessly, and forms one of the standing grievances of the laboring class. The second is the practice of "truck," by which the workman, though perhaps for form's sake paid in money, is compelled, under fear of discharge, to purchase goods at the employer's store. The effects of the latter practice on the welfare of the laboring classes will be discussed fully at a later stage (pp. 324–42).

[1] Fourth Report, Commission on the Employment of Women and Children in Agriculture, p. 110. "Part payment in food still prevails extensively in Wales."—Frederick Purdy, Statistical Journal, xxiv. 329.

[2] Die Lage der ländlichen Arbeiter.

"The married farm-servants," says Mr. Petre in his Report of 1870 on the Condition of the Industrial Classes of Prussia (p. 50), "are called 'Deputaten,' or persons receiving an allowance in kind, to distinguish them from other farm-servants who all take their meals together at the farm. The 'Deputaten' receive in addition to their wages a certain allowance of corn, potatoes, etc. *This primitive practice is, however, gradually giving way to the system of paying full wages in money.*"

[3] "In the departments Bouches du Rhône, Gard, and Gironde it is not customary to pay in kind. In some, this description of payment does not amount to more than 10 francs (a year). *In some, it surpasses in value the amount of money payment.*"—Lord Brabazon's Report on the Condition of the Industrial Classes of France, 1872, p. 42.

In the various branches of mechanical labor money payment is more usual, though Mr. Seymour Tremenheere, in his visits to the United States prior to 1850, found the practice of paying wages partly in commodities quite general;[1] and in England money payments have only been secured by vigorous legislation and great vigilance in administration. Mr. Herries reports[2] that in the sulphur-mining districts of Italy "stores exist, under the direction of the administration, where the persons employed are provided with oil, wine, and bread, and other necessaries, under the 'tally' or 'truck' system."

Payment of the wages of mechanical labor otherwise than in the coin of the realm is forbidden in Germany by the Industrial Code of 1869. In France the artisan classes have always resented payment in commodities with a peculiar jealousy.

The multitudinous forms of payment other than in money may be rudely grouped for our present somewhat casual purpose as (1) rent, where cottages or tenements are provided for the laborer and his family by the employer, whether in agricultural or in mechanical industry; (2) board, mainly confined to unmarried laborers; (3) allowances, such as definite quantities of various kinds of food, drink, or fuel; (4) what we may call, in distinction from No. 5, perquisites, such as the hauling of the laborer's coal or peat by the employer's teams, the keep of a cow, the opportunity to take flour at miller's prices;[3]

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[1] Report on the Payment of Wages Bill (1854), pp. 103–5.

[2] Report on the Condition of the Industrial Classes of Italy, 1871, p. 231.

[3] In Devonshire and elsewhere a "grist-corn" perquisite is recognized, by which the laborer is allowed to have grain at a fixed price per bushel, whatever the market rate. The amount so allowed to be taken ranges from two or three pecks to a bushel every fortnight.—Heath's English Peasantry, pp. 95, 96, 140, 141.

"In some counties, as Dorset, the farmer pays part of his men's wages in corn at 1 shilling per bushel below the market price."—Mr. Purdy, Stat. Journal, xxiv. 329.

(5) privileges, like the gleaning of fields or the keeping a pig.

Thus Mr. T. Scott, of Roxburghshire, allows his workmen a free house and garden; food (say 4 weeks) in harvest; carriage of coal; permission to keep a pig, and the keep of a cow; 100 stones of oatmeal, 21 bushels of barley, 6 bushels of peas, 1600 yards of potatoes, 6 tons of coal at pit prices, £5 in money, in addition to extra earnings at harvest.[1] Another farmer gives his two ploughmen £27 and £26 severally per annum, free cottages and gardens, 6½ bolls of meal, 3 bolls of potatoes, and "drives" their coal. Another in the highland part of Lanarkshire gives £18 annually, the keep of a cow, liberty to keep a pig, 65 stones of oatmeal, and 16 cwt. of potatoes. He places the total value of money wages, allowances, etc., at from £35 to £40.[2] From the above it will readily be seen how difficult and how nearly impossible it is to reduce such various conditions to the uniform expression necessary for comparison. The "board" furnished may vary from the generous living characteristic of Cumberland and Westmoreland[3] in England, and of the United States generally, to the barest and coarsest subsistence allowed in less favored regions. The cottages thus given rent free may be "model cottages" or they may be of the character[4] described in so many English official reports, early and recent, with reference to which the Earl of Shaftesbury said, "Dirt and disrepair such as ordinary

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[1] Fourth Report (1870) Commission on the Employment of Women and Children in Agriculture, p. 58.

[2] Ibid., p. 110. [3] See Mr. Tremenheere's Report for 1869.

[4] The Hon. Edward Stanhope, Assistant Commissioner, says of the cottages in Shropshire: "The point especially deserving of attention in this county is the *infamous character* of the cottages. In the majority of the parishes I visited they may be described as tumble-down and ruinous, not water-tight, very deficient in bedroom accommodations and in decent sanitary arrangements."—Report on the Employment of Women and Children in Agriculture, 1868–9, p. xxxiv.

folks can form no notion of, darkness that may be felt, odors that may be handled, faintness that can hardly be resisted, hold despotic rule in these dens of despair."[1] In respect to the other allowances, perquisites, and privileges, as we have classed them, which go so largely to make up the wages of the laborer in agriculture in all countries, there is perhaps not quite so great range as in the board or cottage rent furnished; yet differences in the quality of the articles allowed, or in their adaptation to the wants of the laborer, or in the generosity with which traditional or stipulated privileges are interpreted, may still go far to contract or expand the apparent wages. Thus Mr. Heath in his work, "The English Peasantry," charges that the hauling of turf for the laborer's fuel is often a delusion and a snare, the turf when cut and piled up on the moors frequently being spoiled by the rain before the farmer finds it convenient to lend the horse and cart;[2] also that the oft-cited "grist-corn" perquisite is of little or of no value to the laborer, the corn for this purpose being frequently taken from the "rakings" of the field.[3] It is upon the cider allowance, however, that Mr. Heath expends the main force of his indignation, and he quotes with effect the testimony of Mr. Austin, one of the Assistant Poor-Law Commissioners of 1843, as to the very inferior quality of the article supplied by the farmers of the western counties "under the ironical name of cider."[4]

The "cow" and the "pig" as elements of wages deserve a brief mention. It will be noted that we have placed them under different heads in our classification. The entire "keep" of the cow is furnished by the employer over whose land she grazes; the food of the pig, on the other hand, is supposed to be furnished by the laborer himself, though a natural doubt on that point leads many em-

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[1] Address as President Br. Soc. Sc. Association, 1866. Transactions, p. 9.

[2] P. 94. [3] P. 95, cf. 140, 141. [4] Pp. 55, 56, 86, 87.

ployers to refuse this highly valued privilege.[1] "Formerly," said Mr. Inglis, writing of the peasants' rent in Ireland in 1834, "the pig was sufficient for this; but the market has so fallen that something is wanted besides the pig to make up the rent."[2] In England Mr. Heath assigns the pig a somewhat different function. It is at once "to the farm laborer a kind of savings-bank, in which he puts the few scraps he can save out of his scanty fare,"[3] and also "a kind of surety with the petty village tradesman. Poor Hodge could get no credit if he had not some such security as a pig affords."[4]

The keep of a cow is of course a much larger concession from the employer, and is proportionally rare. Sir Baldwyn Leighton declares it to be not less than "the solution of the whole question of the agricultural laborer."[5] The net weekly profit Sir Baldwyn estimates at 5 or 6 shillings, the entire labor being performed by the wife and younger children. It will, of course, be urged that such a concession would amount simply to a proportionate reduction of money wages. This is a question which we shall perhaps be in a better position to discuss hereafter. The concession of "cow-land" is only mentioned here as one of the many ways in which, even in wealthy communities, laborers in agriculture are still paid, rendering it a work of extreme difficulty to reduce the wages prevailing in different sections to any thing like equal terms.

III. Nominal and Real Wages may further differ by reason of opportunities for extra earnings in some occupations and in some localities.

It has been said that the true measure of wages is to be

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[1] "In Dumfriesshire even the keeping of a pig is often prohibited on the ground that it affords inducements to little acts of peculation." Fourth Report (1870) on the Employment of Women and Children in Agriculture, p. 85.

[2] A Journey throughout Ireland (4th ed.), p. 371.

[3] English Peasantry, p. 113.

[4] Ibid., p. 115.

[5] Soc. Sc. Transactions, 1872, pp. 395–8.

found not in the money received, but in the amount of the necessaries, comforts, and luxuries of life which that money will purchase. But it often happens that the amount of money received by the laborer as wages does not express the sum of his own earnings, while, again, the resources of the family—which, rather than the individual, ought to be the unit of income as it is of expenditure—may be, in many cases, largely augmented by the earnings of other members. Such opportunities vary greatly as among localities and as among occupations, and hence we may find a substantial equality of family income where a great difference in wages apparently exists; or, in other cases, the apparent difference may be much enhanced through the operation of the same cause.

An example of the first means of adding to real wages is found in the Allotment system, which already prevails to a considerable extent in England and has been highly approved by economists of reputation;[1] though there are not wanting those who argue that this is merely another means of reducing money wages. By the Allotment system the laborer is enabled to rent a piece of ground large enough to employ him for but a portion of his time, with a view to its being carefully worked by spade culture as a garden.

An example of the second means of adding to real wages is given by Prof. Senior when he says, "The earnings of the wife and children[2] of many a Manchester weaver or

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[1] H. Fawcett, Pol. Econ., pp. 254, 255. W. T. Thornton on Over Population, chap. viii.

The Commissioners of 1843 reported strongly in favor of the Allotment system; they declared that it did not tend to reduce wages, but that all the proceeds of the land thus cultivated constituted "a clear addition to wages."

On the other side, Mr. Mill, in his Principles of Pol. Econ., wrote, "The scheme, as it seems to me, must be either nugatory or mischievous."—I. 441, 442.

[2] The industrial disadvantages of the employment of married women in factories will be spoken of hereafter. To their full extent, whatever that may be, the superiority claimed by Prof. Senior for the

spinner exceed or equal those of himself. Those of the wife and children of an agricultural laborer, or of a carpenter or a coal-heaver, are generally unimportant—while the husband in each case receives 15 shillings a week, the weekly income of the one family may be 30 shillings, and that of the other only 17 or 18 shillings."[1] The income of the family, it is evident, therefore, should be taken as the unit in estimating wages.

IV. No consideration is more needful to be observed in the reduction of Nominal to Real Wages than that of the greater or less regularity of employment; yet none is more neglected, not only in comparison of the remuneration of labor in different occupations and localities, but also in a still more important use of the statistics of wages, namely, the comparison of different periods to ascertain whether strikes and trades unions have been really successful in advancing the condition of the working classes. It is not unusual to see the fact of an increase of wages in certain occupations following a threatened or accomplished strike, put forward as proof positive of the efficiency of this instrumentality, without the question being raised whether the certainty and continuity of work may not have been affected injuriously in consequence. Yet it is clear that a nominal increase of wages may be offset by irregularity of employment so as not only

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spinner or weaver must be discounted. Again, so far as the employment of the female head of the family in outside labor, or of very young children in any sort of labor, tends to reduce health and strength or to shorten life, this must be set off against the advantage of increased present earnings, in accordance with the principles to be noted in the paragraphs which immediately follow.

[1] Lectures on Wages, pp. 8–9.

It is not only true that the opportunities for extra earnings vary greatly as between different occupations, as shown by Prof. Senior's illustration, but such opportunities vary greatly within the same occupation in different localities. Thus Mr. Purdy's tables of Irish agricultural wages show that the "harvest wages" for men range from 2 shillings 6*d*. a week above ordinary wages, all the way up to 11 shillings.—Statistical Journal, xxv. 448–50.

to render the advance nugatory, but, through the influence on the laborer's habits of industry, temperance, and frugality, to make the change highly pernicious. The neglect to make account of the regularity of employment is probably due not to want of candor in argument, but to the lack of a popular recognition of the vital importance of this consideration. Yet it ought to be evident to the earliest writer on comparative wages that the true time-unit is not less than the entire year. The hourly, daily, or weekly rate of payment is but one factor of wages; the number of hours, days, and weeks throughout the year for which that rate of wages can be obtained is the other.

Varying regularity of employment is due to (1) the nature of the individual occupation, (2) the force of the seasons, (3) social causes, (4) industrial causes of a general character.

In agriculture, for example, we find the first two causes operating to produce great variations in the monthly rate of wages. It is not alone the difference of seasons which makes agricultural wages so irregular;[1] it is in part the

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[1] This irregularity may be greater or less according to climate or the character of the crops. Some crops require far more days of labor in the year than others. Some countries are locked in frost half the year; in others the ground opens early and freezes late. "In the countries on the Danube, these operations are spread over seven months; in the countries on the north of the Volga they must be concluded in four months."—Hearn's Plutology, pp. 74, 75. An English farmer is ploughing while a New-England farmer is hauling wood on the ice and snow. Mr. Purdy's valuable tables (Statistical Journal, xxiv. 352, 353) show that February is the worst month for employment in agriculture in England; August, the best.

Mr. Purdy gives a table which he deems fairly representative, exhibiting the divisions of agricultural wages between the seasons as follows:

Paid for Labor:	
First quarter	18.9
Second "	22.1
Third "	38.6
Fourth "	20.4
	100.0

nature of the operations involved. After the seed has been planted, time must be given it to grow, and this would be so even if there were no winter. So in the fisheries it is not stress of weather alone which obliges the laborer to lie idle portions of the year, but in part the reproductive necessities of the fish. In other instances it is the force of the seasons alone which makes employment irregular, as for example in the brickmaking,[1] quarrying, carpentering, house-painting, and sundry other out-door trades.

The loss of time from sickness, as shown by the statistics of friendly societies and by other evidence, varies greatly in different localities and occupations: an element that can not properly be excluded from the discussion of comparative wages, as such sickness involves not only loss of labor, but also, generally, a positive expense for attendance and medicine.

The following table from Mr. Alex. Glen Finlaison's report (1853) on sickness and mortality in friendly societies, shows the experience of certain large groups of occupations in this respect:

Age.	Light Labor.		Heavy Labor.	
	Without exposure to the weather.	With exposure to the weather.	Without exposure to the weather.	With exposure to the weather.
	Days lost.	Days lost.	Days lost.	Days lost.
20	6.48	6.00	6.71	7.16
25	6.00	5.78	6 82	7.45
30	6.01	5.85	7.06	7.69
35	6.20	5.84	7.45	8.04
40	7.13	7.29	8.03	9.40
45	8.03	7.48	9.87	10.78
50	10.48	10.02	12.15	12.58
55	13.65	10.66	16.08	14.33
60	17.18	11.23	20.36	21.78
65	26.22	18.15	26.99	31.55

[1] In brickmaking, in England, it is estimated that men can be employed but 45 weeks in the year, in consequence of rain and frost. In the Northern States of America the failure of employment is for a much longer period.

What we call social causes in restriction of employment include the habits of a community respecting festivities and religious observances.[1] Vauban estimated the loss of labor in France from fête days and Sundays at 90 days in the year. In some Catholic countries the holidays more or less scrupulously observed exceed, including Sunday, one hundred. Among the Hindoos they are said to consume nearly half the year. It is doubtless true that poverty sometimes joins with superstition[2] in imposing excessive fasts, and the want of work may account for the readiness with which a population surrenders itself to celebrating the virtues of a saint; yet there can be no doubt that a force not industrial operates in some countries in reduction of the number of days of labor. A very common multiplier taken in England and the United States in reckoning annual earnings is 300; yet there can be little doubt that this is an exaggeration.

But there are also industrial causes of a general nature

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[1] Mr. Lecky remarks of holidays in Catholic countries: "The number that are compulsory has been grossly exaggerated."—History of Rationalism, ii. 323.

Diplomatic and consular reports to the British Government give perhaps the most recent and exact information on the subject of holidays in the Greek Church.

Consul Calvert reports from Montastir that, reckoning Sundays, there are more than one hundred days in the year when the Christians voluntarily cease work (1870, p. 244). Consul Stuart states the number of days besides Sundays which the Eastern Church attempts to withdraw from labor at 48. Formerly, he says, the number was greater; but the opposition of the working classes to the loss of so much time has caused a reduction in this respect, which will doubtless proceed further (1871, p. 780). Mr. Gould gives the number of working days in Greece as 265 (1870, p. 500). Consul Sandwith gives the number of fête days in Crete as 30 (1872, p. 382). Consul Egerton states that in Russia "besides Sundays there are about 24 holidays in the year, when no work is allowed. Some are saints' days; others, state holidays" (1873, p. 111).

[2] Gibbon, chap. xlvii., of the Jacobites, whose five annual Lents the historian is disposed to regard as an instance of "making a virtue of necessity."

which of late years are operating more and more to interrupt the continuity of production and render employment precarious. These causes, though general in their origin, do yet affect localities and occupations very diversely, introducing thus a new element of great difficulty into the problem of wages. Thus there is no reason from the nature of the operations involved, why cotton-spinning should not proceed equably through all the months of the year, but in fact the demands of modern trade require that periods of heavy production shall alternate with periods of dulness and depression.[1] In the same way the aggregation of vast numbers of workmen into factories for the manufacture of boots and shoes has introduced an irregularity into that branch of manufacture which did not exist when it was confined to the small shop where the master worked with an apprentice and perhaps a journeyman, and made goods for a well-defined and permanent body of customers.

Among the industrial causes which introduce this disturbance into the employment of labor must of course be included strikes and lock-outs. Dr. John Watts has furnished some very instructive computations as to the first cost of strikes. Thus, assuming five per cent addition to existing wages to be the matter in dispute between the employer and the laborer, he shows that *if the strike succeeds* its results will be, roughly speaking, as follows:[2]

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[1] Mr. Dudley Baxter, speaking of the operatives in this branch of industry, wrote: "We all know their periodical distresses. It may be said that these were accidents. They are not mere accidents, but incidents—natural incidents of our manufacturing economy. They are sure to recur under different forms, either from gluts, or strikes, or war, and they must be allowed for in computations of earnings."—National Income, p. 45.

"In 1829 the weavers of Lancashire and Cheshire were earning, at best, from 4*s.* 4½*d.* to 6*s.* per week when at work. The most favored had to wait a week or two between one piece of work and the next; and about a fourth of the whole number were out of employ altogether."—Martineau, History of England, iii. 167.

[2] Statistical Journal, xxiv. 501. I have sought to show elsewhere (p. 391, n.) that all the time occupied by a strike is not necessarily lost.

	Years of work at the extra rate.
The loss of 1 lunar month's wages will require to make it up,	$1\frac{3}{8}$
" " 2 " " " " "	$3\frac{1}{4}$
" " 6 " " " " "	$9\frac{3}{8}$
" " $12\frac{1}{2}$ " " " " "	20

"The strike of the London builders in 1859 was for 10 per cent of time or its equivalent, 10 per cent of wages; and as it lasted 26 weeks, would, if successful, have required $10\frac{2}{3}$ years of continuous work at the extra rate to make up the loss of wages sacrificed. The amount in dispute between the weavers of Colne and their employers did not average more than $3\frac{1}{2}$ per cent, and had the strike been successful, would have required more than 28 years continuous employment at the advance to make up the amount of wages lost, by which time the lost wages would, at 5 per cent (interest), have quadrupled." This Colne strike lasted 50 weeks; the great Preston strike, 38 weeks; the Padiham strike, 29 weeks.

Computations like these do not of themselves show that strikes can not advantage the working classes, but they do show the necessity of taking such elements into account in reducing nominal to real wages.

The joint effect of all the causes enumerated as affecting the regularity of employment is very considerable. Prof. Leone Levi, in his treatise on Wages,[1] estimates the lost time of all the persons returned as pursuing gainful occupations in England to be 4 weeks in the year, and deems this loss covered by the exclusion of all persons over 60 years of age, leaving those below employed full time. To this Mr. Dudley Baxter, in his admirable work on "National Income,"[2] rejoins that if this were so, there would be no able-bodied paupers in England. Mr. Baxter goes forward to show the inadequacy of Prof. Levi's estimate in terms which I shall do well to quote:

"I will take a good average instance (and a very large

[1] P. 5. [2] Pp. 41, 42.

one) of the way in which wages are earned in the building trades. These trades form a whole, and include carpenters, bricklayers, masons, plasterers, painters, and plumbers, and number in England and Wales about 387,000 men above twenty years of age. It is only the best men, working with the best masters, that are always sure of full time. These trades work on the hour system, introduced at the instance of the men themselves, but a system of great precariousness of employment. The large masters give regular wages to their good workmen, but the smaller masters, especially at the east end of London, engage a large proportion of their hands only for the job, and then at once pay them off. All masters when work grows slack immediately discharge the inferior hands and the unsteady men—of whom there are but too many among clever workmen—and do not take them on again until work revives. In bad times there are always a large number out of employment. In prosperity much time is lost by keeping Saint Monday and by occasional strikes. Let us turn to another great branch of industry, the agricultural laborers, whose numbers are: men, 650,000; boys, 190,000; women, 126,000; and girls, 36,000. Continuous employment has largely increased since the new Poor Law of 1834, and good farmers now employ their men regularly. But in many places such is not the custom. Near Broadstairs, in Kent, I was told that, on an average, laborers were only employed 40 weeks in the year. Mr. Purdy's figures of the influence of the seasons on agricultural employment show that the wages paid in the second quarter of the year, on a large estate in Notts, were 20 per cent more than in the first quarter. In the harvest quarter they were more than double. He also mentions the significant fact that the pauperism of the five most agrarian divisions of England is greater in February than in August by 425,000 against 370,000, or 55,000 persons. These 55,000 represent a great prevalence of the custom of turning off laborers at the slack season. So that even so far as the men

are concerned, there must evidently be a large deduction for time out of work. But when we come to boys and women, the case is still stronger. I found in Kent and other places that boys' and women's employment is very irregular, and that they are not at work more than half their time; in fact, they are only employed as supernumeraries to the men, and only taken on at busy times."

V. Still further, Nominal and Real Wages may be made to differ through the longer or shorter duration of the power to labor.

We have seen that it is not what the laborer obtains for a single day of the week or a single month of the year which fixes his real remuneration, but that regularity of employment from month to month and quarter to quarter is a most important element in the wages problem. But neither is it what the workman receives in a single year or in a term of years which alone can determine the question of high or low wages. We need, besides, to know the total duration of his laboring power, that we may be able to compare the term of his productive with that of his unproductive life.

It is evident, supposing two persons begin to labor productively at fifteen years of age, and continue actively at work, with the same rate of nominal wages, until death, that the one receives a higher real remuneration who lives the longer, since the cost of his maintenance during the first 15 years of helpless life must, in any philosophical view of the subject, be charged upon his wages[1] during

[1] The cost, at contract prices, of raising an orphan child to the age of 11, is computed by Mr. Chadwick (Statistical Journal, xxv. 505) at £130, or the value of a team of four first-class farm-horses.

The same eminent authority estimates the average loss of working ability, by *premature* deaths from *preventible* causes, to be at least 10 years (Stat. Journal, xxviii. 26).

"In the production of dead machinery," says Dr. Edward Jarvis, "the cost of all that are broken in the making is charged to the cost of all which are completed. . . . . So, in estimating the cost of raising children to manhood, it is necessary to include the number of years

his period of labor. It is true that the expense was, in fact, borne by his parents, while he will himself bear the cost of the maintenance, in childhood, of his own offspring; but no one will, I believe, question that, in the economical sense, the support of each generation of laborers should be charged against its own wages,[1] just as truly as that a farmer, in solving the question whether a cow dying at a certain age had paid for herself, would set against the proceeds of the sales of her milk or butter the expense of rearing her.

If this principle of estimating the wages of a lifetime be accepted as just, its great practical importance will not be denied.

And first in comparison of nations.

In a paper on the Political Economy of Health, Dr. Edward Jarvis has given some most instructive tables which can not be better introduced than in the language of the British Poor-Law Commissioners of 1842:[2] "The strength of a people does not depend on the absolute number of its population, but on the relative number of those who are of the age and strength to labor."

The following table[3] shows the number of years spent under 20 for every 100 persons attaining that age:

Country.	Years spent under 20.	Per cent of loss.
Norway	2142	7.1
Sweden	2182	9.1
England	2192	9.6
United States	2251	12.55
France	2327	16.35
Ireland	2514	25.70

that have been lived by those that fell by the way with the years of those that pass successfully through the period of development."—Report Massachusetts Board of Health, 1874, p. 340.

[1] "Le salaire d'un ouvrier doit comprendre . . . . l'amortissement du capital employé par ses parents, avec lequel il peut alimenter son enfant qui le remplacera un jour dans la société."—Jos. Garnier, Traité d'Économie Politique, p. 462.

[2] P. 184. [3] Report Mass. State Board of Health, 1874, pp. 341, 342.

Again, the Life Tables of the several States show the average number of years lived after the age of 20 to be as follows:

Country.	Years.	Country.	Years.
Norway.....	39.61	England.....	35.55
Sweden.....	38.10	France.....	32.84
United States (Males)	37.46	Ireland.....	28.88
Hanover..... ..	35.81		

"Thus the productive efficiency fell short of its fulness[1] 20.78 per cent in Norway; 23.7 per cent in Sweden; 25.08 per cent in the United States; 28.38 per cent in Germany; 28.9 per cent in England; 34.3 per cent in France, and 42.24 per cent in Ireland."

Again Dr. Jarvis says, "Having the number that are lost in the maturing period and the number of years they have lived, and also the number that die in the effective stage and the duration of their labors, it is easy to draw a comparison between them and show the cost, in years, of creating and maturing human power, and the return it makes in labor in compensation. By this double measurement of life in its incompleteness and in its fulness it is found that for every 1000 years expended in the developing period upon all that are born, both those who die and those who survive the period from birth to 20, the *consequent laboring and productive years* are: In Norway, 1881 years; in Sweden, 1749 years; in England, 1688 years; in the United States, 1664 years; in France, 1398 years; and in Ireland, 1148 years."

But it is not only between the populations of distinct countries that such differences in the duration of the economic force appear. Important differences in this respect are shown by mortuary statistics to exist between occupations. Thus the excessive mortality of the "dusty

[1] 50 years, *i.e.* from 20 to 70 years of age.

trades" has long been the subject of scientific and official inquiry. The highly injurious effects upon the lungs of the dust of cotton and flax mingled with "China clay" and other poisonous ingredients, producing a haze in the atmosphere of some factories, and rising in a palpable cloud in others, have been thoroughly investigated and exposed by Drs. Hirt[1] and Buchanan.[2] In the "dry-grinding" of the metals, the deadly influences are even more positive.[3] The following description of the steel-dust in a needle-factory will suffice for our present purpose of illustration. "I smelt the dust from one such manufactory before I was within 70 or 80 yards of it, and though in an open field; and I could see the dust floating away like a cloud. It not only covers the roof and windows on which it settles with a brown rusty coat, till in time the glass becomes obscured almost as if it were painted, but so corrodes them as to make the slates and even the glass crumble away. The dust collects in the flues which carry it from the stove in large black stalactite-like lumps. Two such were given me, weighing over two pounds each."[4]

Mining may be given as an instance of an occupation where nominal wages must be heavily discounted by reason of its destructive effects on human life. When it is remembered that in addition to the great liability to fatal accident,[5] the amount of carbonic acid gas, which in nature

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[1] Krankheiten der Arbeiter.

[2] Returns to the order of the House of Commons, 13th May, 1872.

[3] See the evidence collected by Mr. Jellinger Symons under the English Commission of 1841; also, Dr. Greenhow's report in 1860, in the Third Report of the Medical Officer of the Privy Council.

[4] Report of Mr. J. E. White, Asst. Commr. Employment of Women and Children, 1865.

[5] Sir Thomas Bazley's report for 1870 states the number of deaths from accidents in collieries and ironstone mines at 991. In the same year 373 persons were killed in works under the Factory acts; 1378 were so injured that amputation was required, while the lesser injuries footed up 16,828.

"En France, ces accidents sont beaucoup plus rares, et l'exploitation

is 300–350 in 1,000,000, and does not ordinarily exceed 3000 in the stifling atmosphere of factories and workshops, often goes up to 20,000 in the air of mines,[1] the excessive mortality within this occupation will not be a matter of wonder. Dr. Scott Allison found the average age of the living male heads of families of the collier population at Tranent, so far as the same could be ascertained, to be 34 years, while the average age of the living male heads of the agricultural families was nearly 52 years. Dr. Allison expressed the belief that these proportions would serve as fair indications of the relative conditions of the different populations.[2]

"So considerable," says Dr. Neison, in a recent paper,[3] "is the influence of occupation that the mortality in one avocation exceeds that of another by as much as 239 per cent."

Thus taking the period of life 25 to 65, Dr. Neison finds the mean mortality in the clerical profession to be 1.12 per cent; in the legal, 1.57; in the medical, 1.81. In domestic service the mortality among gardeners was but .93; among grooms, 1.26; among servants, 1.67; among coachmen, 1.84. The effect of out-door exposure in all kinds of weather is here shown alike in the case of the physician and the coachman. Of several branches of manufacture, the paper manufacture showed a mean mortality of 1.45; the tin manufacture, of 1.61; the iron manufacture, of 1.75; the glass manufacture, of 1.83; the copper manufacture, of 2.16; the lead manufacture, of 2.24; the earthenware manufacture[4] of 2.57. Among the different kinds of mining

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des mines n'a jamais été mise au nombre des industries qui créent une position insupportable aux ouvriers."—Théodore Fix, Les Classes Ouvrières, p. 146.

[1] Dr. Angus Smith, Soc. Sc. Transactions, 1865, p. 241.

[2] Report of the Poor-Law Commissioners of 1842, p. 200.

[3] Journal of the Institute of Actuaries, July, 1872, p. 98.

[4] The mortality among the "china-scourers" is something frightful. "In all the process the operatives are exposed to the inhaling of

industry the range is even greater. Thus the mean mortality of iron-miners is 1.80; of coal-miners, 1.82; of tin-miners, 1.99; of lead-miners, 2.50[1]; of copper-miners, 3.17.[2]

But it is not alone by death that the laboring power is prematurely destroyed. The agricultural laborer of England, for example, who is long lived, often becomes crippled early by rheumatism due to exposure and privation. "Then he has to work for 4 shillings or 5 shillings per week, supplemented scantily from the rates, and at last to come, for the rest of his life, on the rates altogether. Such is, I will not call it the life, but the existence or vegetation, of the Devon peasant. He hardly can keep soul and body together."[3]

In the same country, Mr. Dudley Baxter states, there are 40,000 men out of less than 400,000 in the building trades who between 55 and 65 are considered as past hard work. In other trades, he says, a man is disabled at 55 or 50. A coal-backer is considered past work at 40.[4]

I can not better close this protracted chapter than with the following words taken from the address of Sir Stafford Northcote, as President of the British Social Science Association: "A man who earns a pound a week is not necessarily twice as well off as a man who earns 10 shillings.

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the fine dust with which the air of the different workshops is charged, and which dust the finer it is the longer it floats in the atmosphere and the more dangerous it becomes."—Ibid., p. 109.

[1] "The diseases engendered by lead-mining may be stated as asthma and chronic bronchitis."—Ibid., p. 103.

[2] The heat in copper-mines was found by Dr. Greenhow to be very much greater than in tin-mines. In one mine which he visited the temperature was 125°. "Steam was coming out of the shaft in volumes at the time of inspection."

[3] Letter of Canon Girdlestone to Mr. Heath, "Peasantry of England," p. 100.

[4] National Income, pp. 41, 43.

You must take into account the amount of work which they respectively have to do for their money, the number of hours they are employed, the amount of strain upon the body and on the brain, the chance of accident, the general effect upon the health and upon the duration of life."[1]

[1] Transactions, 1869, p. 18.

CHAPTER III.

NOMINAL AND REAL COST OF LABOR.

Another distinction which needs to be strongly marked is that between Wages and the Cost of Labor.

In treating wages as high or low we occupy the laborer's point of view; in treating the cost of labor as high or low we occupy the point of view of the employer. Wages are high or low according to the abundance or scantiness of the necessaries, comforts, and luxuries of life which the laborer can command, without particular reference to the value of the service which he renders to the employer therefor. The cost of labor, on the other hand, is high or low according as the employer gets an ample or a scanty return for what he pays the laborer, whether the same be expressed in money or in commodities for consumption, and this without the least respect to the well-being of the laborer.

Now this distinction is not of importance merely because such a distinction can be drawn, and the same object looked at from different points of view. Not only are the points of view here diametrically opposed, but the objects contemplated are not necessarily the same, so that high wages do not imply a high cost of labor, or low wages a low cost of labor. A sufficient demonstration of this, for the present moment, is found in the well-known fact that employers usually take on their lowest-paid laborers last, and

discharge them first.[1] The explanation is found in the varying

EFFICIENCY OF LABOR.

The extent to which this consideration is popularly neglected may be seen by recurring to any discussion of the question of "protection," whether in the legislature or in the public press. A day's labor is almost universally taken as the unit of measure in determining the cost of similar products in different countries. In fact, "a day's labor" conveys scarcely a more definite idea than the boy's comparison, "big as a piece of chalk," or "long as a string." The mere announcement that a day's labor can be had in one country for 10 cents, in another for 50, while in a third it commands $1.50, conveys to the mind of one familiar with the statistics of industry not even an impression as to the comparative cost of labor in the several countries. Yet it has been held by a large party in the United States to be conclusive of the question of "protection," that laborers in other countries are more scantily remunerated than in our own. The avowed object of protective tariffs here has been to keep wages from sinking to the level of Europe and Asia. The allusions to "pauper labor" which crowd the speeches of Clay, Stewart, and Kelley have significance only as it is assumed that a day's labor in one place is the economical equivalent of a day's labor anywhere, and that one man's labor is effective in the same degree as that of any other man.

It is, however, very far from the truth that a day's labor is always and everywhere the same thing. We can scarcely take the estimate adopted by Lord Mahon,[2] that

[1] Masters "prefer those laborers who earn the most wages."—Mr. Chadwick, Statistical Journal, xxv. 510.

Sir Joseph Whitworth, the great manufacturer of cannon, told Mr. Chadwick that "he could not afford to work his machines with a horse that cost less than £30."—Ibid.

[2] History of England, vii., pp. 229, 230.

an English wood-sawyer will perform as much work in the same time as thirty-two East-Indians, as giving the general ratio[1] between labor in the two countries; yet, on the other hand, the comparison is not absolutely an extreme one. The difference between an English woodsawyer, before a pile of hickory cordwood, and an effeminate East-Indian, accustomed to think it a day's job to saw off a few lengths of bamboo, is not so great as that which would exist between a Maine mast-man and a Bengalee at the foot of a 40-inch pine. The one would lay the monster low in half a day, the other might peck at it a week and scarcely get through the bark. In the contests of industry the civilized, organized, disciplined, and highly-equipped nations may safely entertain much the same contempt for barbarous antagonists as in the contests of war. "The wolf cares not how many the sheep be," said one conqueror; "The thicker the grass," said another, "the easier it is mown." So vast are the differences in this matter of the efficiency of labor that it is difficult to write respecting them without producing the impression of a disposition to exaggerate, if the reader has not specially studied the conditions of production and is unacquainted with the statistics of industry. Yet in sober earnest we may borrow the language of Edmund Burke respecting the political adaptations of men, and say that, in industry as in government, men of different nationalities may be regarded as so many different kinds of animals.

The testimony to the varying efficiency of labor comes

[1] Prof. Senior, in his Lectures on Wages, stated the average annual wages of labor in Hindostan at from one pound to two pounds troy of silver against nine pounds to fifteen pounds troy in England. . . . . Mr. Finnie, who was engaged by the Madras Government as superintendent of the cotton experiment from 1845–9, says, "the interest of the money invested in the purchase of a laborer in America, added to the actual cost of his maintenance, would pay for nine able-bodied men in India."—Wheeler's Cotton Cultivation, p. 100.

from so many sources that our only difficulty is that of selection. The comparison of the English with the Irish laborer, whether as a cottar tenant at home or working for hire in the northern counties of England, used to be a favorite one with economists before the famine and the emigration. Of late this disparagement of Irish labor has become infrequent. In the last century Arthur Young, the eminent traveller, who spent two years near Cork as the manager of a large estate, declared an Essex laborer at 2 shillings 6 pence a day to be cheaper than a Tipperary laborer at 5 pence. The improvement in the condition of the Irish peasant and in the methods of industry in Ireland was very marked in the seventy years which next followed; but in 1845 Dr. Kane, in his work on the Industrial Resources of that country, placed the number of native laborers requisite for a given production at two or more where one English laborer would suffice (pp. 397–9). In the iron manufacture he gives the ratio as three to one.

In the same manner the Russian serf was, up to the time of the Emancipation, often adduced as illustrating the low efficiency of brutalized and underfed labor. Thus Prof. Jones says: "In spite of the dearness of provisions in England and their cheapness in Russia, the mowing a quantity of hay which would cost an English farmer half a copeck, will cost a Russian farmer three or four copecks."

But it is not only in comparison with the oppressed laborers of Ireland and with the serfs of Russia that the superiority of English labor has been asserted on high authority. Mr. Edwin Rose, long employed as an operative engineer in France and Germany, testified before the Factory Commission, forty years and more ago, that it required fully twice as many hands to perform most kinds of factory work in France and Switzerland as in England; and the statistics of *per capita* product and of the ratio between hands and machines amply bore out Mr. Rose's statement. The estimate of Mr. Briavoinne, founded on the total production of Belgium, gave 116 pieces of cloth printed for

each workman per annum. The production of certain establishments, however, was estimated as high as 300 pieces. At the same time the workmen of the great establishment of Ainsworth & Co., in England, were turning out 1000 pieces per head. In cotton-spinning, again, we find from the best international statistics available that the number of spindles attended by a single operative to-day in England ranges from two to four times the corresponding number on the Continent.[1] The statistics of the iron industry of France show that on the average 42 men are employed to do the same work in smelting pig iron, as is done by 25 men at the Clarence Factories on the Tees. And so it comes about that, while wages are higher in England than in any other country of Europe, English manufactures have to be excluded by heavy duties from competition with the so-called cheaper labor[2] of the Continent.

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[1] "In the weaving-mills a Russian rarely has the care of more than two looms, while in England a weaver will frequently look after six." (Report of H. B. M. Consul Egerton on the Factory System of Russia, 1873, p. 111.) Mr. Batbie states that the English farmers on the shores of the Hellespont prefer to give 10 pounds sterling a year for Greek laborers to giving 3 pounds for Turkish laborers. (Nouveau Cours de l'Economie, i. 70.) Even with the best Continental labor there is a decided inferiority to English rates of production. In Switzerland the number of hands employed per 1000 spindles does not average less than 8 to 8¼, against 7 in England. (Report of Mr. Gould on the Factory System of Switzerland, 1873, p. 129.)

In England, moreover, it should be noted, the machinery is almost uniformly run at a speed not known on the Continent.

[2] Whereas female labor in the cotton manufacture is paid at from 12*s.* to 15*s.* a week in Great Britain; at from 7*s.* 3*d.* to 9*s.* 7*d.* in France, Belgium, and Germany; at from 2*s.* 4*d.* to 2*s.* 11*d.* in Russia, the one thing which is most dreaded by the Continental manufacturers everywhere is British competition. The demand for protection is loudest in France, Austria, and Russia, where the average wages reach their minimum. . . .

The average price of labor per day for puddlers is 7*s.* 6*d.* to 7*s.* 10*d.* in Staffordshire; 6*s.* 4*d.* in France; and from 4*s.* 7*d.* to 5*s.* in

But by far the most important body of evidence on the varying efficiency of labor is contained in the treatise of Mr. Thomas Brassey, M.P., entitled "Work and Wages," published in 1872. Mr. Brassey's father was perhaps the greatest "captain of industry" the world has ever seen, having been engaged, between 1834 and 1870, in the construction of railways in England, France, Saxony, Austria, Hungary, Moldavia, Belgium, Italy, Spain, Canada, Australia, the Argentine Republic, Syria, Persia, and India. "There were periods in his career," says Sir Arthur Helps,[1] "during which he and his partners were giving employment to 80,000, upon works requiring seventeen millions (sterling) of capital for their completion." The aggregate length of the railways thus constructed appears to have exceeded six thousand five hundred miles. The chief value of Mr. Brassey, Jr.'s work is derived from his possession of the full and authentic labor-accounts of his father's transactions. "Frenchmen, Belgians, Germans, Italians, Russians, Spaniards, and Danes came under the close inspection of Mr. Brassey and his agents; and we are told how the men of these various nationalities acquitted themselves in their respective employments."[2] Some of the results of this vast experiment of labor are given by Mr. Brassey, Jr., in his chapter on the Cost of Labor.

On the Grand Trunk Railway of Canada the French-Canadian laborers received 3*s.* 6*d.* a day, while the Englishmen received from 5*s.* to 6*s.* a day; "but it was found that the English did the greatest amount of work for the money."[3]

Contrasting the wages paid on an English railway, 3*s.* to 3*s.* 6*d.* a day, with those paid on an Irish road, 1*s.* 6*d.*

Belgium. Yet the average price of merchant bar-iron was £6 10*s.* in England, £7 in Belgium, £8 in France.—Mr. D. A. Wells' reports, as Special Commissioner U. S. Revenue.

[1] Brassey's Life and Labors, p. 160.

[2] Ibid., Preface, xvi.

[3] Work and Wages, p. 87.

to 1*s.* 8*d.*, Mr. Brassey remarks, "Yet with this immense difference in the rate of wages, sub-contracts on the Irish railway were let at the same prices which had been previously paid in South Staffordshire."[1]

"In India, although the cost of daily labor ranges from 4½ to 6*d.* a day, mile for mile the cost of railway work is about the same as in England." "In Italy, masonry and other work requiring skilled labor is rather dearer than in England."[2]

"Great pains were taken to ascertain the relative industrial capacity of the Englishman[3] and the Frenchman on the Paris and Rouen line; and on comparison of half a dozen 'pays,' it was found that the capacity of the Englishman was to that of the Frenchman as five to three."[4]

"Mining is perhaps the most exhausting and laborious of all occupations. It has been found that in this description of work the English miner surpasses the foreigner all over the world. On the Continent, long after earth-work and all the other operations involved in the construction of railways had been committed to the native workmen, English miners were still employed in the tunnels."

"In the quarry at Bonnières, in which Frenchmen, Irishmen, and Englishmen were employed side by side, the Frenchman received three, the Irishman four, and the Englishman six francs a day. At those different rates, the Englishman was found to be the most advantageous workman of the three."[5]

Such differences in industrial efficiency as have been indicated may exist not only between nations, but between geographical sections of the same people. The very mi-

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[1] Work and Wages, p. 69.

[2] Ibid., p. 90.

[3] Four thousand Englishmen were sent over to work on this road. —Ibid., p. 79.

Two thousand English and Scotch were sent to Australia to work on the Queensland line.

[4] Ibid., p. 115.

[5] Ibid., p. 82.

nute and careful researches of M. Dupin in the early part of this century seemed to establish a decided superiority in productive power of the artisans of northern over those of southern France. In England the superiority of the agricultural population of the northern counties is unmistakably very great. "Any one," says Mr. Mundella, M.P., "who has witnessed agricultural operations in the west of England, will agree that the ill-paid and ill-fed laborer of those parts is dearer at 9*s.* or 10*s.* per week than the Nottinghamshire man at 16*s.*"[1] "It would be a great mistake," says Mr. Walter Bagehot, in the *Economist*,[2] "to put down as equal the day's hire of a Dorsetshire laborer and that of a Lincolnshire laborer. It would be like having a general price for steam-engines *not specifying the horse-power*. The Lincolnshire man is far the more efficient man of the two."

From a single page of the Report for 1869 of the Commission on the Employment of Children, Women and Young Persons in Agriculture, I extract the following testimony respecting the inefficiency of the laborers of Berkshire: "I would rather pay a Northumbrian hind 16 shillings a week than a Berks carter 12 shillings," testifies one farm bailiff. "Our men here," says another, "are very inferior to Scotch laborers;[3] two men there do as much as three here." Another bailiff testifies that "he was obliged to employ as many men in Berkshire, at certain kinds of work, as he had been accustomed to employ of women in Perthshire."[4]

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[1] Social Sc. Trans., 1868, p. 524. [2] January 24th, 1874.

[3] "I protest," so writes a farmer, "that one of the Scotchmen whom I formerly employed would do as much work as two or even three Suffolk laborers. It 'makes one's flesh creep' to see some of the latter at work."—Clifford, Agricultural Lock-out of 1874, p. 25, note.

[4] Second Report, p. 105. "I have myself in Northumberland heard a Northumbrian farmer declare that one of the strong big-boned women who worked in his fields was worth much more than any average southern laborer."—Clifford, Agric. Lock-out of 1874, p. 25.

In view of such wide differences in the productive power of individuals, communities, and peoples, no attempt at a philosophy of wages can omit to inquire into the causes of the varying efficiency of labor. These causes I shall enumerate under six heads; but the possible effect of no one cause will be fully apprehended unless it be held constantly in mind that *the value of the laborer's services to the employer is the net result of two elements, one positive, one negative, namely, work and waste;* that in some degree waste, using the term in its broadest sense to express the breakage and the undue wear and tear of implements and machinery, the destruction or impairment of materials,[1] the cost of supervision and oversight to keep men from idling or blundering, and, finally, the hinderance of many by the fault or failure of one,[2] is inseparable from work; and that, with the highly finished products of our modern industry, with its complicated and often delicate machinery, and its costly materials, themselves perhaps the result of many antecedent processes, it is frequently a question of

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[1] On this point of waste I select two illustrations. The first is taken from an address of George J. Holyoake, the historian of Co-operation:

"It has been calculated that the working colliers at Whitwood and Methley could, by simply taking the trouble to get the coal in large lumps, and by reducing the proportions of slack, add to the colliery profits £1500 a year. If they would further take a little extra care below ground in keeping the best coal separate from the inferior, they could add another £1500 to the profits." (Soc. Sc. Transactions, 1865, p. 482.) All this without diminishing their own earnings.

The second is the result of an experiment, noticed in the *Statistical Journal* (xxviii., pp. 32, 33), for the economy of coal in an engine-furnace, through giving the stokers a share in the money value of whatever saving might be effected. The result was to reduce the consumption of fuel, without loss of power, from 30 to 17.

[2] H. B. M. Consul Egerton, in his admirable report of 1873 (Textile Factories), notes the great irregularity of attendance at work in Russia. "It is therefore essential to have a large staff of supernumeraries who have learnt their work, so as to be ready to supply the vacant places."—P. 112.

more or less waste whether work shall be worth having[1] or not.

The various causes which go to create differences in industrial efficiency may be grouped under six heads, as follows:

I. Peculiarities of stock and breeding.

II. The meagreness or liberality of diet.

III. Habits, voluntary or involuntary, respecting cleanliness of the person, and purity of air and water.

IV. The general intelligence of the laborer.

V. Technical education and industrial environment.

VI. Cheerfulness and hopefulness in labor, growing out of self-respect and social ambition, and the laborer's interest in the results of his work.

The first reason which we are called to recognize for the great differences in industrial efficiency which exist among men is found in peculiarities of stock and breeding. Of the causes which have produced such widely diverse types of manhood as the Esquimaux, the Hottentot, and the Bengalee at the one extreme, and the Frenchman, the Englishman, and the American of to-day at the other,[2] it is not necessary to speak here at all. The effects of local climate and national food, continued through generations, upon the physical structure, have become so familiar to the public through the writings of geographers and ethnologists that they may fairly be assumed for our present purpose. The scope and power of these causes are far more likely to

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[1] "It may appear incredible," remarks Mr. Carleton Tuffnell, the Poor-Law Commissioner, "that a great demand for labor may exist simultaneously with a multitude of people seeking employment and unable to find it. The real demand is not simply for labor, but trained labor, efficient labor, intelligent labor."

[2] M. Batbie states the results of certain experiments with the dynamometer by which it appears that while the figure 50 represents the sheer lifting-weight of a native of Van Diemen's Land, 71 represents that of an Anglo-Australian cultivator.—Nouveau cours de l'Économie politique, i. 70.

be magnified than disparaged by the scientific spirit of this age. But we have also to recognize large differences as existing between far advanced and highly civilized peoples as to average height, strength, manual dexterity, accuracy of vision, health, and longevity.

Thus, for example, the mean height of the Belgian male was given by MM. Quetelet and Villermé, about 1836, as 5 feet $6\frac{3}{5}$ inches; that of the Frenchman, as 5 feet 4 inches; that of the Englishman, 5 feet $9\frac{1}{2}$ inches. Such differences in stature exist as well between sections of the same country; thus the Breton peasants are notably deficient even as measured by the low French standard; while the proportion of "tall men" (*i.e.*, 6 feet) examined for the British army was out of every 10,000 English, 104; out of every 10,000 Scotchmen, 194; out of every 10,000 Irishmen, 91.[1]

At the same time, the largest proportion of rejections for unsoundness was among the Irish, the least among the Scotch. MM. Quetelet and Villermé give the following determinations of mean weight for the same three countries:

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[1] This statement is taken from Mr. Thornton "On Labor," p. 16, n. Of the (very) "tall men" (6 feet 3 inches) enlisted in the U. S. army, 1861–5, there were of each 100,000—of English birth, 103; of Scotch, 178; of Irish, 84 (Statistical Memoirs of the Sanitary Commission, p. 159); while of the "short men" (under 5 feet 1 inch) there were in 100,000—of English, 690; of Scotch, 610; and of Irish, only 450, the proportional number of Germans in this class rising to 770, and of Frenchmen to 950. (Ibid., p. 177.) The mean height of the native soldiers was much reduced by the enlistment of large numbers of very young persons; but if we take the soldiers from 35 years upwards, we find the natives of the United States surpassing in stature those of every other nationality. Thus the mean height of soldiers from New-England was, in inches, 68.300; New-York, New-Jersey, and Pennsylvania, 68.096; Ohio and Indiana, 68.980; Michigan, Wisconsin, and Illinois, 68.781; Kentucky and Tennessee, 69.274, etc.; while the mean height of soldiers born in Canada was 67.300; England, 66.990; Scotland, 67.647; Ireland, 67.090; France, Belgium, and Switzerland, 66.714; Germany, 66.718; Scandinavia, 67.299. (Ibid., pp. 104, 105.)

	Lbs. avoirdupois.
Belgian, male (Brussels and environs).....	140.49
Frenchman (Paris and environs).....	136.89
Englishman (Cambridge).....	150.98

There is reason to suspect that these are all pitched a little high. Among the sections of the American Union the difference in mean weight, as determined by measurements during the war, 1861–5, was very decided. Thus of men weighed in health, those from New-England averaged 140.05 lbs.; those from New-York, New-Jersey, and Pennsylvania, 141.39; those from Ohio and Indiana, 145.99; those from Kentucky and Tennessee, 150.58.[1]

Such and other physical differences on which it is not needful to dwell are due in part to the influences of local climate and national diet, but in part, also, to causes social and industrial.

Of social causes ample, in their aggregate effect, to produce much of the difference between the Englishman and the Frenchman of to-day, may be instanced the war system, by which, in France, the principle of natural selection has been violently reversed, and the men of superior size, strength, and courage have, generation after generation, been shut up in barracks or torn to pieces on the battle-field, while the feebler males have been left at home to propagate the stock. It is beyond question that not a little of the difference in industrial efficiency which makes a French navvy dear at 3 francs, while an English navvy is cheap at 5*s.* 6*d.*, is due to the wholesale operation of this cause among the French people during the eighty years since 1793, during which time the standard of the army has been reduced from 5 feet 4 inches to 5 feet 1½ inch. During the same

[1] Statistical Memoirs U. S. Sanitary Commission, p. 403. As was remarked respecting mean height, the average of the native soldiers of the U. S. army was brought down by the great number of boys enlisted.

period the French horse was steadily gaining in size and weight.

Among the industrial causes tending to create such differences in laboring power we may instance the employment of children of tender age at hard labor and under circumstances of exposure; and the employment of women, first, in work wholly unsuited to their sex, as formerly in England in mines, where they were even harnessed with cattle to loads of ore, and as now on the pit-banks and coke-hearths, and, secondly, at their ordinary work with too short an interval after childbearing.[1]

Looked at with no eye of charity, but with a strictly economical regard, such acts as these constitute a horrible waste of industrial force, both in the present and in their effects on the laboring power of the next generation.

At the meeting of the Social Science Association in 1870, Mr. George Smith presented a lump of clay weighing 43 lbs., which in a wet state he had taken, a few days before, off the head of a child 9 years of age, who had daily to walk 12½ miles in a brickyard, half that distance with such a burden. "The clay," said Mr. Smith, "was taken from the child, and the calculations made by me, in the presence of both master and men."[2] Two or three instances taken at random from the report[3] of Mr. J. E. White, Assist-

[1] Speaking alike of the weaving-sheds of the cotton districts and of the woollen districts, Dr. Bridges and Mr. Holmes, in their report to the Local Government Board, in 1873, say: "The work is done in the great majority of cases by women; a considerable portion of these are married, and the practice of working until the last stage of pregnancy, and of returning to work within a month, sometimes within a fortnight, or even a week, of childbirth, is as common in the West Riding (of York) as in Lancashire." (Report, p. 33, cf. pp. 38, 39, 55.) An old factory surgeon says: "I regard the mother's return to the mill as almost a sentence of death to the child." It is also a fruitful source of permanent injury to the mother herself.

[2] Transactions, p. 537.

[3] Fourth Report (1865) of the Children's Employment Commission of 1862.

ant Commissioner, 1865, will perhaps help the American reader to appreciate the scope and force of the cause we are adducing. A boy, now 11, who went at 9 years old to hardening and tempering crinoline steel, worked there from 7 A.M. till 9½ P.M. four nights a week "for many and many a month," "many a time till 12 at night," and once or twice worked from 7 in the morning all through the next night and day, and on till 12 the following night. Another, at 9 years old, sometimes made three 12-hour shifts running, and, when 10, has made two days and two nights running. Another, now 13, at a former place worked from 6 P.M. till noon next day for a week together, and sometimes for three shifts together, *e.g.*, from Monday morning till Tuesday night.

Nor is it only in mines or factories, in a stifling atmosphere and amid poisonous exhalations, that children are, even yet, in happy England, exposed to the influences which stunt, distort, and weaken them, and lower the average vitality of the population, and with this its industrial efficiency. The driving of children six, eight, and ten years' afield to work for 12 and 14 hours, whether under a hot sun or against chilling, cutting winds, must tend to disorganize the cartilages of the joints, to produce curvature of the spine, to dwarf the growth, and to prepare the way for an early breaking down from rheumatism and scrofula.

I repeat I have not adduced these facts and incidents for charity's sake, or in any sentimental vein, but wholly for their economical significance, and I propose to use them in strict subordination to recognized economical principles.

II. A further reason for the greater industrial efficiency of one laborer than of another, and of one class or nation of laborers than of another, is a most vulgar one, namely, better

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[1] See the reports of the Commission of 1862 on the Employment of Children, and of the Commission of 1867 on the Employment of Women and Children.

feeding. The human stomach is to the animal frame what the furnace is to the steam-engine. It is there the force is generated which is to drive the machine. The power with which an engine will work will, up to a certain point, increase with every addition made to the fuel in the furnace; and, within the limits of thorough digestion and assimilation, it is equally true that the power which the laborer will carry into his work will depend on the character and amount of his food. What the employer will get out of his workman will depend, therefore, very much on what he first gets into him. Not only are bone and muscle to be built up and kept up by food, but every stroke of the arm involves an expenditure of nervous energy, which is to be supplied only through the alimentary canal. What a man can do in 24 hours will depend very much on what he can have to eat in those 24 hours; or perhaps it would be more correct to say, what he has had to eat the 24 hours previous. If his diet be liberal, his work may be mighty. If he be underfed, he must underwork. So far away as the Hundred Years' War, Englishmen were accustomed to assign a more generous diet as the reason why their "beef-fed knaves" so easily vanquished their traditional enemies, and even into this century the island writers were accustomed to speak as if still for the same reason, in work at least if not in war,

"Upon one pair of English legs did march three Frenchmen."[1]

Of course in this, as in every other department of

[1] "Each Frenchman consumes on an average 16 oz. of wheaten bread a day; each Englishman, 32 oz.; the former, 1¾ oz. of meat; the latter, 6 oz."—Alison, Europe, 1815–51, ch. xvii., sec. 126.

"Des expériences ont démontré que l'ouvrier français, lorsqu'il est aussi bien nourri qu'un ouvrier anglais rend à peu près autant de travail."—Batbie, Nouveau Cours de l'Économie politique, i. 71.

I should be disposed to believe that a somewhat greater difference would remain, notwithstanding equivalent subsistence, than M. Batbie's patriotism will allow him to confess. The causes adduced under the previous head must count for much.

expenditure, there is an economical maximum, where the greatest proportional return is received. Beyond this, though an increase of food may yield an increase of force, it does not yield a proportional increase, just as in a furnace with a given height of chimney, the combustion of a given number of pounds of coal to the square foot of grate-surface yields the economical maximum of power. More fuel burned will evaporate more water, but not proportionally more. With the laborer the economical maximum of expenditure on food is reached far short of the point at which "gorging and guzzling" begin; it shuts off every thing that partakes of luxury or ministers to delicacy; yet till that maximum be reached every addition to food brings a proportional, or more than proportional, addition of working strength. To stop far short of that limit and starve the laboring man is as bad economy as to rob the engine of its fuel. Thus with a furnace of a given height, having for its economical maximum 12 lbs. of coal to the square foot of grate-surface, the consumption of 6 lbs. might yield far less than one half the power, while 3 lbs. might scarcely serve to keep the furnace warm under the constant loss by radiation and the cooling influence of the water in the boilers. In much the same way a laborer may be kept on so low an allowance of food that it will all go to keeping the man alive, and nothing be left to generate working power.[1] From this low point, where the bad economy of starving the laborer is manifest even to the most selfish or stupid overseer, up to a point where it requires a great deal of good sense and more magnanimity of character on the part of the employer to make him feel sure of a return for added expenditure, there is a steady

[1] Mr. R. R. Torrens, M.P., stated, at the meeting of the Social Science Association in 1867, that when he was employed in sending out emigrants from Ireland in 1840, he found that "a large portion of the Irish people were living on a kind of potato called 'lumpers,' which were so inferior in quality that even pigs could not fatten on them."—Transactions, p. 670.

progression in working power as the diet becomes more ample and nutritious.

Now this principle, if I have correctly stated it, as to the economical relation between food and laboring force, becomes of validity not only to explain in part the great differences in industrial efficiency which we have seen to exist among bodies of laborers, but also to show how, in cases where the subsistence of the laborer is below the economical maximum, a rise of wages may take place without a loss to profits.

That a large portion of the wage-laboring class are kept below the economical limit of subsistence there can be no doubt. "To-day, in the west of England," says Prof. Fawcett, "it is impossible for an agricultural laborer to eat meat more than once a week."[1] Of the Devon peasant Canon Girdlestone writes: "The laborer breakfasts on teakettle broth—hot water poured on bread and flavored with onions;—dines on bread and hard cheese at 2*d.* a pound, with cider very washy and sour; and sups on potatoes or cabbage greased with a tiny bit of fat bacon. He seldom more than sees or smells butcher's meat."[2] Little wonder is it that the Devon laborer is a different sort of animal from the Lincoln or Lothian laborer. No Devon farmer would doubt that it was bad economy to keep his cattle on a low, unnutritious diet. No reputable Devon

[1] Pol. Econ., p. 471. Lord Brabazon, in his report (p. 54) on the condition of the industrial classes of France, 1872, cites the opinion of Dr. Cenveilhier that the French population are, as a rule, insufficiently nourished. "Many a French factory hand never has any thing better for his breakfast than a large slice of common sour bread, rubbed over with an onion so as to give it a flavor." (Lord Brabazon, p. 52.) Mr. Locock writes from the Netherlands (Report of 1870, p. 19): "Meat is rarely tasted by the working classes in Holland. It forms no part of the bill of fare either for the man or his family." From Belgium Mr. Pakenham reports: "Very many have for their entire subsistence but potatoes with a little grease, brown or black bread, often bad, and for their drink a tincture of chickory." (Reports of 1871, p. 20.)

[2] Heath's English Peasantry, p. 100.

farmer would reason that, as he was but just able now to make a living profit, he would be ruined, for good and for all, were he to give his horses enough to keep them in good condition for work. And if one were found so niggardly and so foolish as to act and talk thus, his neighbors at least would tell him that the very reason why he made such bare profits now was that he starved his stock, and that with better feeding they would better earn their keep.[1] Yet the farmers of the west of England, almost as a body, when they had to meet the demands of their laborers for increase of wages in 1873 and in 1874, under the instigation of the Agricultural Union, declared that they would be ruined if they paid higher wages; and there are not wanting economists of reputation to corroborate them, and assert that it is "physically impossible"[2] that wages should be advanced without impairing profits. If there is any physical impossibility in the case, it is that the wretched peasants could be better fed without adding to the value of their labor to their employers.

The revelations of the Poor-Law Commission of 1833 respecting the comparative subsistence of the soldier, the agricultural laborer, and the pauper were very striking. The soldier, who had active duties and needed to be kept in at least tolerable physical condition, received a ration of 168 oz., the able-bodied pauper received 151 oz., while the independent laborer, sole surviving representative of the yeomanry of Crecy and Agincourt, received 122 oz. per week. Now it goes without saying that when the day laborer, toiling from morning till night in the fields, receives a smaller amount of nourishment than the sense of public decency will allow to be given to paupers, that

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[1] Sir Joseph Whitworth is reported to have said that he could not afford to work a horse in his establishment which ate less than 18 lbs. of oats a day.

[2] "It is physically impossible that any permanent rise in wages should take place without corresponding diminution of profits."—H. Fawcett, Pol. Econ., p. 264.

laborer is underfed, in the sense that he must and will underwork.

To avoid multiplying titles, I will in this connection mention clothing as in most climates a condition of efficiency in production. A portion, in some countries a large portion, of the food taken into the stomach goes to support the necessary warmth of the body. Clothing goes to the same object. Within certain limits, it is a matter of indifference whether you keep up the temperature of the body by putting food into a man or clothing on to him. As Mr Peshine Smith has said, "A sheet-iron jacket put around the boiler prevents the waste of heat in the one case, just as a woollen jacket about the body of the laborer does in the other."[1] Here, again, there is an economical maximum beyond which expenditure will not be justified by the return; but here, again, it can not be doubted that large classes of laborers suffer a great loss of industrial efficiency from the want of adequate clothing. Prof. Fawcett quotes[2] the poor-law inspectors as stating that one fifth in number of the population are insufficiently clothed. Insufficiency of clothing means, of course, feebleness of working and excessive sickness and mortality.

But I may be here called to meet an objection to my statements under this head, based on the assumed sufficiency of the sense of self-interest in employers. How, it may be asked, do you account for the failure of employers to pay wages which will allow their laborers a more liberal sustenance, if indeed it is for their own advantage to do so?

In the first place, I challenge the assumption which underlies the orthodox doctrine of wages, namely, the sufficiency of the sense of self-interest. Mankind, always

[1] Pol. Econ., p. 107.

[2] Economical Position of the Br. Laborer, p. 231, note.

less than wise, and too often foolish to the point of stupidity, on the one side, and of fanaticism, on the other, whether in government, in domestic life, in the care of their bodies, or in the care of their souls, do not suddenly become wise in industrial concerns. The argument for keeping a laborer well that he may work well applies with equal force to the maintenance of a slave. Yet we know, by a mass of revolting testimony, that in all countries avarice, the consuming lust of immediate gain, a passion which stands in the way of a true and enlarged view of self-interest and works unceasing despite to self-interest, has always[1] despoiled the slave of a part of the food and clothing necessary to his highest efficiency as a laborer. The same argument would apply with equal force to the care of livestock. Yet it is the hardest thing in the world to bring a body of farmers up to the conviction, and hold them there steadily, that it pays to feed cattle well and treat them well. England, what with unending fairs and premiums,[2] with royal and noble patronage and ensample, and with a very limited proprietorship which it might be supposed could be more easily kept informed as to the real economy of agriculture—England, I say, has managed to create a public sentiment which keeps her farmers reasonably up to the standard in this matter of the care of stock;

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[1] Where slaves were kept and worked only for purposes of gain. Where slavery was a political and social institution, as in the Middle States of the American Union, something of grace and kindliness might come to climb up about it.

[2] I have never chanced to hear of any premiums offered in Devon or Dorset for the fattest and sleekest, or the most manly and athletic "team" of agricultural laborers, though there have been, all honor for it! instances of prizes given for "model cottages." "Comment! Vos cultivateurs consacrent des sommes considérables pour couvrir leurs champs d'engrais, vos industriels ne négligent aucun soin, ne reculent devant aucune dépense pour assurer et faciliter le jeu de leurs machines; et vous, vous négligez de cultiver votre champ le plus fertile, de graisser et de soigner votre machine la plus precieuse, *votre machine mère*, de laquelle toutes les autres dépendent, puisqu'elles en sont sorties."—Blanqui (aîné) Cours d'Économie Industrielle, ii. 352.

yet even in England the exceptions are not few; while, the world over, the rule is niggardliness of expenditure working deep and lasting prejudice to production.

I might thus abundantly shelter myself behind the analogous cases which have been cited, where true self-interest is most conspicuously sacrificed to greed.[1] But another reason appears in the case of the wage-laborer. It is that the employer has none of that security which the owner of stock or the master of slaves possesses, that what goes in food shall come back to him in work. A man buying an underfed slave or an underfed ox knows that when he has brought his property into good condition, the advantage will be his; but the free laborer when he waxes fat may, like Jeshurun, kick, and take himself off. There is no law yet which gives an employer compensation for "unexhausted improvements" in the person of his laborer. The employer therefore takes his risk, in respect to all subsistence which goes to build up bone and sinew in his workmen, that the added laboring power may be sold to a neighbor or carried away bodily to Australia.

III. Another reason for differences in industrial efficiency is found in differing habits, whether of choice or necessity in their origin, respecting cleanliness of the person and purity of air and water. The first great prison reformer shocked the civilized world with the revelations which he

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[1] Doubtless race-characteristics have very much to do with the ability to subordinate greed to real interests, and to take a large view of economy. We should expect to find the Teutonic peoples surpassing all others in this respect; the Slavonic peoples far to the rear. Mr. Consul Holmes, in his Report to the British Government on the Condition of the Industrial Classes of Bosnia in 1871, remarks that the Eastern Christians, like the Turks, "look far more to cheapness than excellence in what they purchase, and good workmanship and conscientious labor is neither appreciated nor desired" (p. 762). Mr. Consul Palgrave makes a similar remark respecting the Anatolians (p. 732). "The very appreciation of good work," writes Sir P. Francis from Turkey, "is, I believe, lost."—Report on the Condition of the Industrial Classes, 1872, p. 372.

made of the abodes of the convict classes. Yet, a distinguished sanitarian, often quoted in these pages, has said: "More filth, worse physical suffering and moral disorder than Howard describes as affecting the prisoners, are to be found among the cellar population of the working people of Liverpool, Manchester, or Leeds, and in large portions of the metropolis."[1] "Out of a population of 85,000 householders," says Prof. Gairdner, speaking of Glasgow, "30,000 or 35,000 belong to a class who are most dangerous in a sanitary point of view."[2] "Hovels, cellars, mere dark dens," says Inglis, in describing the city homes of Ireland in 1834, "damp, filthy, stagnant, unwholesome places, into which we should not in England put any domestic animal."[3] But even in England and to-day Canon Girdlestone says of the homes of the peasants of Devon: "The cottages as a rule, are not fit to house pigs in."[4] Of 309 cottages at Ramsbottom, near Bury, "one of the best districts in Lancashire," remarks Col. Sykes,[5] 137 had but one bedroom each, the aggregate occupants being 777; 172 had two bedrooms each, the aggregate occupants being 1223. Some of the families occupying a single bedroom consisted of from 8 to 13 individuals. At Bristol, out of 6000 families reported on, 556 occupied part of a room only; 2244 one room only; the average number of persons to a family being 3.46. "One third of the population of Scotland in 1861," says Mr. Caird, "lived in houses of one room only; another third in houses of two rooms only."[6] The subject is not a pleasant one to pursue, but as none holds more important relations to the philosophy of wages than the one now under consideration, I must ask my readers to endure the following descriptions of human habitations taken from the Poor-Law Report of 1842.

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[1] Edwin Chadwick. Poor-Law Report, 1842, p. 212.
[2] Soc. Sc. Transactions, 1866, p. 737.
[3] Journey Throughout Ireland, p. 379.
[4] Heath's English Peasantry, p. 100.
[5] Statistical Journal, xiii. 47. [6] Stat. Journal, xxxii. 75.

"Shepherd's Buildings consist of two rows of houses with a street seven yards wide between them; each row consists of what are styled back and front houses; that is, two houses placed back to back. There are no yards or out-conveniences; the privies are in the centre of each row, about a yard wide; over them there is part of a sleeping-room; there is no ventilation in the bedrooms. Each house contains two rooms, namely, a house-place and sleeping-room above; each room is about three yards wide and four long. In one of these houses there are nine persons belonging to one family, and the mother on the eve of her confinement. The cellars are let off as separate dwellings; these are dark, damp, and very low, not more than six feet between the ceiling and floor. The street between the two rows is seven yards wide, in the centre of which is the common gutter, or, more properly, sink, into which all sorts of refuse are thrown."—Report, pp. 17, 18.

This is a description of the cottages of a manufacturing village. The same report gives an account of the homes of the peasantry of Durham, "built of rubble or unhewn stone, loosely cemented." "The chimneys have lost half their original height, and lean on the roof with fearful gravitation. The rafters are evidently rotten and displaced, and the thatch, yawning to admit the wind and wet in some parts, and in all parts utterly unfit for its original purpose of giving protection from the weather, looks more like the top of a dunghill than a cottage. Such is the exterior; and when the hind comes to take possession, he finds it no better than a shed. The wet, if it happens to rain, is making a puddle on the earth floor. . . . . They have no byre for their cows, nor sties for their pigs; no pumps or wells; nothing to promote cleanliness or comfort. The average size of these sheds is about 24 by 16. They are dark and unwholesome; the windows do not open, and many of them are not larger than 20 inches by 16; and into this place are crowded 8, 10, or even 12 persons." —Report, pp. 22, 23.

The climax of possible horror would seem to be reached in the description of the wynds of Edinburgh; but I will not offend the reader's sensibilities by quoting from it. It will perhaps be quite as effective to compare the experience of sickness in these dens of abomination with that of other localities. The following table shows the average number of days' sickness suffered in a year by a family in the wynds in comparison (1) with the experience of the Benefit Societies in Scotland, and (2) with the experience of places under sanitary measures.

Age.	Benefit Societies.	Under Sanitary Measures.	The Wynds.
Man, 40.....	6.9	2.75	15.1
Woman, 30.....	4.2	2.10	11.0
Child, 15.....	0.2	0.17	3.5
	11.3	5.02	29.6

So much for the places where men live during the half of the day devoted to sleep and refreshment. In the places where they labor there is not such a dreary monotony of squalor and misery. Neither indifference nor malignity even, on the part of employers could succeed in placing the great majority of workingmen so wretchedly. The first occupation of man still employs by far the greater part of the race, and for them sunlight and air are provided by the indefeasible bounty of nature. If the Durham and Devon hind does not "sleep all night in Elysium," he at least "sweats all day in the eye of Phœbus." Nor is it only the agriculturist who pursues his occupation in the open air. In no small proportion of the mechanical trades either the conditions of the work do not allow the laborer to be shut in between walls, or the expense of enclosure outweighs its advantages, and the trade, though it might be even better prosecuted under cover, is, in fact, carried on out-doors. After all deductions, however, there remain a melancholy multitude who are called to breathe the foul

air of mines; to labor in the stifling atmosphere of mills and factories, "hazy" or "cloudy" with particles irritating to the lungs or poisonous to the blood, and to pant through the hours of work in "sweating dens" like those which the indignant eloquence of Kingsley[1] has made so painfully familiar to his English and American readers, though all verbal description must fall short of the shocking reality.[2]

I have not dwelt thus at length upon descriptions of human habitations unfit for cattle or for swine, for the purpose of harrowing the feelings of my readers, or even with a view to excite compassion for the condition of the working classes. My single object has been to afford illustration of the influence of the cause we are now considering, upon the efficiency of labor. A great part, if not the great majority, of the laborers of the world are to-day housed thus miserably; uncounted millions worse. Even of those whose lot is more fortunate but a very small proportion, in any of the older countries, have in their lodging the light and air which the least exacting hygiene declares to be essential to the harmonious development and adequate sustentation of the bodily powers.

It is in abodes such as have been described that children grow to maturity and get the size and strength which are to determine their quality as workers. It is in abodes like these that laboring men have to seek repose and refreshment after the complete exhaustion of a hard day's work; that they breathe the air which is to oxydize their blood, and eat and undertake to digest the food on which to-morrow's work is to be done. What wonder that children grow up stunted and weazen and deformed; that the blood of manhood becomes foul and lethargic, the nerves unstrung, the sight, on which depends much of the use of all the

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[1] In his Alton Locke.

[2] See Report Poor-Law Commission, 1842, pp. 98–104.

other powers, weakened or distorted, and the whole tone of life[1] and of labor depressed and intermittent?

I have spoken of the dwellings too often inhabited by the laboring classes, and of the air which they have to breathe. As to the water they have to drink, it will suffice here to cite the results of an inspection and chemical analysis of 140 specimens of drinking-water made in a large number of the cities and towns of Scotland by Dr. Stevenson Macadam:[2]

Number grossly contaminated by sewage matter and decidedly unwholesome	104
Number less contaminated and less unwholesome	32
Number tinged with sewage matter	4
Number free from all contamination	0
Total examined	140

IV. The general intelligence of the laborer is a factor of his industrial efficiency. This proposition is too well established and too familiar to need extended illustration. The intelligent laborer is more useful not merely because he knows how to apply[3] his bodily force in his work with the greatest effect, but also because

(*a*) He requires a shorter apprenticeship and less techni-

[1] How, indeed, do human beings live at all under such circumstances? Fresh and vigorous constitutions would go off at a gallop in some form of active disease, under such ever-present infection. The only reason why the very miserable live under it is because they have taken on a lower type of being, which is compatible with existence in such surroundings but altogether incompatible with great exertions. "Their freedom from specific evil is only evidence that they have subsided into a coarser and lower nature. The florid, strong-pulsed man, fresh from a wholesome country dwelling, would die right off when subjected to the deficient sanitary conditions which are innocuous to the lower physical development of the very poor vegetating in the purlieus of large towns or in mud-built country cottages."—Charles Lamport, Soc. Sc. Transactions, 1870, p. 532.

[2] Soc. Sc. Transactions, 1867, p. 561.

[3] "Le travail suppose 1. l'intelligence qui conçoit et 2. le main qui exécute."—Batbie.

cal instruction. "A recruit," says Prof. Rogers, "who knows how to read and write can learn his drill in half the time in which a totally ignorant person can."[1]

(*b*) He requires far less superintendence. Superintendence is always costly. If an overseer is required for every ten men engaged on a piece of work, the product must pay for the time and labor, not of ten men but of eleven; and if the overseer obtains, as he most likely will, twice the wages of a common laborer, then the product must pay for the time and labor of twelve. The employer would just as soon pay his hands 20 per cent more if he could dispense with the overseer.

(*c*) He is far less wasteful of material. Even in agriculture no product can be obtained from labor without the sacrifice of pre-existing wealth. A bushel of wheat must be sown for every six or eight bushels to be reaped, and with it must be buried large quantities of costly manures. But in mechanical industry it often happens that the value of the materials used in a manufacture, being themselves the result of antecedent processes, far exceeds the value proposed to be added by labor. Thus, in the United States in 1870, we find a group of industries employing 101,504 hands, where the value of the materials was $707,361,378, while only $31,734,815 were paid in wages.[2] Now, waste is inevitable in all handling of material. It is merely a question of more or less; and in this respect the range between ignorant and intelligent labor is very great. By waste is not meant alone the total destruction of material, but its impairment in any degree so that the finished product takes a lower commercial value. So great are the possibilities of loss from this source that in all the higher branches of production unintelligent labor is not regarded as worth having at any price however low.

(*d*) He can use delicate and intricate machinery.

[1] Pol. Econ., p. 117.

[2] Ninth Census of the United States, 1870. Industry and Wealth, p. 380.

The cost of repairing and replacing this with ignorant labor very soon eats up the profits of production, and not unfrequently the effect is to practically prohibit the use of all but the coarsest tools. "Experienced mechanicians assert that, notwithstanding the progress of machinery in agriculture, there is probably as much sound practical labor-saving invention and machinery unused as there is used; and that it is unused solely in consequence of the ignorance and incompetency of the workpeople."[1]

We have some striking testimony on this point from Asia and Eastern Europe. Wheeler, in his "Cotton Cultivation," states that the women of India were accustomed to earn with the native "churka" from three farthings to a little over a penny a day, while with the Manchester cotton-gin they could have earned with ease three pence and possibly four and a half pence.[2] And H. B. M. Consul Stuart reports concerning the laborers of Epirus: "In dealing with weights and resistance *they use direct physical force;* the aids of the pulley or windlass are but seldom called in, while handbarrows and wheelbarrows are seen only on rare occasions. It is a singular fact that during the fifty years of British occupation in the Ionian Islands, not a single mechanical improvement crossed from Corfu to Epirus, if I may except the screw and the buckle, which found their way here some few years ago, and are now in limited use."[3]

V. Still another reason for the large differences which exist in respect to industrial efficiency is found in technical education and industrial environment. Perhaps no one of the causes already mentioned contributes more to this result. Even more, I am disposed to believe, than stock and breeding, even more than national diet, do the inherited instincts of a people in respect to labor, and their habits and methods of work, consciously or unconsciously acquired,

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[1] Hearn's Plutology, p. 59.
[2] P. 173.
[3] Report on the Condition of the Industrial Classes, 1871, p. 775.

the *esprit* and the dominating ideas of the national industry, determine the degree of efficiency which will be reached in the production of any country. Handiness, aptness, and fertility of resource become congenital; in some communities the child is brought into the world half an artisan. Then, too, he becomes a better workman simply by reason of being accustomed, through the years of his own inability to labor, to see tools used with address, and through watching the alert movement, the prompt co-operation,[1] the precise manipulation, of bodies of workmen. The better part of industrial as of every other kind of education is unconsciously obtained. And when the boy is himself apprenticed to a trade, or sets himself at work, he finds all about him a thorough and minute organization of labor which conduces to the highest production; he has examples on every side to imitate; if he encounters special obstacles, he has only to stop, or hardly even to stop, to see some older hand deal with the same; if he needs help, it is already at his elbow; and, above all, he comes under impulses and incitements to exertion and to the exercise of thoughtfulness and ingenuity, which are as powerful and unremitting as the impulses and incitements which a recruit experiences in a crack regiment from the moment he dons the uniform.

Very striking testimony is borne in many official reports to the differences in the industrial spirit of the different nations. Mr. Edwin Rose testified before the Factory Commission to the great superiority of the English laborer over his Continental rival in his habits of close and continuous application; and at a subsequent inquiry Mr. Thompson, of Clitheroe, spoke from a vast personal observation

[1] In a debate in the House of Lords in 1875, Earl Fortescue stated that Sir Joseph Whitworth, the eminent manufacturer of arms, had expressed the opinion that "a workman who had acquired the habit of moving promptly at the word of command was worth on the average 1*s.* 6*d.* a week more than a man of equal manual dexterity who had not acquired the habit."—The *Times*.

of the "enduring, untiring, savage industry" of the English workman. "The labor of Alsace," he says, "the best and cheapest in France, is dearer than the labor of Lancashire." That was forty years ago. To-day the *esprit* and the *technique* of industry on the Continent are perhaps advanced somewhat beyond where England was in 1835; but the English are looking back with not a little wonder at their own want of force and *drive* industrially, in the time of which Mr. Thompson speaks. Thus we find Dr. Bridges and Mr. Holmes, in their report to the Local Government Board of 1873, writing of the Scotch flax district as follows:

"We were struck by the easy and almost leisurely way in which labor was carried on in the spinning-rooms as compared with the unremitting application of the Lancashire operatives. All the spinners had seats provided for them, of which a large number availed themselves. The number of spindles assigned to each was small, varying from 50 to 80;[1] and the number of ends breaking was in no case such as to necessitate constant movement. Some of the women were knitting, and all appeared much at their ease. In fact, the work very much resembled the picture frequently drawn to us, whether truly or otherwise, of *Lancashire weaving and spinning as it was* 20 *or* 30 *years ago.*"[2]

Now it is needless to say that some of this heightened

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[1] The proportion of looms to weavers in England as contrasted with the proportion which obtains in Ireland and Scotland is significant in the same regard.

	Looms in Cotton Mfr.	Weavers.
England,	165,032	57,555
Scotland,	22,621	12,114
Ireland,	3,372	1,864
	191,025	71,533

Nearly three looms to 1 weaver in England; not quite 2 looms in Scotland and Ireland. (Report, p. 16.)

[2] Report, p. 27.

activity is of bad and not of good. Undoubtedly it involves in some degree overwork and the undue wear and tear of the muscular and the nervous system. But by no means all, or probably the greater part, comes to this. It is because manual dexterity and visual accuracy have been developed to a high point in one generation and bred into the next generation; because habits of subordination and co-operation have become instinctive; because organization and discipline have been brought nearly to perfection, that mechanical labor in England is so much more effective than on the Continent. Nor is keen, persistent activity necessarily injurious. Dawdling and loafing over one's work are not beneficial to health. Man was made for labor, for energetic, enthusiastic labor, and within certain limits, not narrow ones, industry brings rewards sanitary as well as economical.

I have spoken of the faculty of organization[1] as accounting for much of the difference in the efficiency of labor between England and France, for example. I beg to insist on this with reference to the point of the wear and tear of the laboring force. Those who are familiar with the movements of armies know that a body of troops may be marched thirty miles in a day if kept in a steady, equable motion, with measured periods of rest, and not be brought into camp, at night, so tired as another body of troops that have come only half the distance, but have been fretted and worried, now delayed and now crowded forward, every

[1] The famous Committee of the House of Commons on the Exportation of Tools and Machinery dwelt on the "want of arrangement in foreign manufactories," as an important reason for the superior cheapness of production in England.

In the evidence given before them is found (p. 363) the following highly-suggestive remark: "A cotton manufacturer who left Manchester seven years ago would be driven out of the market by the men who are now living in it, provided his knowledge had not kept pace with those who have been during that time constantly profiting by the progressive improvements that have taken place in that period. This progressive knowledge and experience is our great power and advantage."

portion of the column balked by turns, and kept waiting for long periods in that most wearing expectation of instant movement. Now, this is not an extreme contrast as regards military movements; nor need any thing be taken from its extent when we come to apply it to the operations of industry. In an establishment where each person has his place and perfectly knows his duty, where work never chokes its channels and never runs low, where nothing ever comes out wrong end foremost, where there is no fretting or chafing, where there are no blunders and no catastrophes, where there is no clamor and no fuss, a pace may be maintained which would kill outright the operatives of a noisy, ill-disciplined, badly-organized shop. For, as was said in opening this subject of the efficiency of labor, there is in all industry a positive and a negative element. Waste is inseparable from work; but the proportions in which the two shall appear may be made to vary greatly. It is only when we see a perfectly-trained operative performing his task that we realize how much of what the undisciplined and ignorant call their work is merely waste; how little of their expenditure of muscular and nervous force really goes to the object; how much of it is aside from, or in opposition to, that object. And the remark applies not alone to the exertions of the individual but, in a still higher degree, to the operations of bodies of men.

"It is not," says Mr. Laing, "the expertness, dispatch, and skill of the operative himself that are concerned in the prodigious amount of his production in a given time, but the laborer who wheels coals to his fire, the girl who makes ready his breakfast, the whole population, in short, from the pot-boy who brings his beer, to the banker who keeps his employer's cash, are in fact working to his hand with the same quickness and punctuality that he works with himself."[1]

We have some interesting instances in proof that such

[1] Notes of a Traveller, p. 290.

industrial superiority as has been described is not due alone to differences of stock and breeding or of general intelligence, but that strangers placed within the same industrial environment, and afforded opportunities of like technical education, tend steadily, and it may be rapidly, to advance towards the efficiency of the native laborer. Thus Mr. Brassey, after dwelling on the advantages of carrying out English navvies, at vast expense, even to Canada or to Queensland, adds significantly: "The superiority of the English workmen was most conspicuous when they first commenced work in a country in which no railways had been previously constructed."[1]

The Commissioners (1867) on the Employment of Women and Children in Agriculture, in their second report,[2] 1869, give the results of a very considerable experiment in draining in Northumberland, extended over a series of years, in which large numbers both of English and Irish were employed, from which it appears that "whereas the English beginner earns an average of four shillings a week more than the Irish beginner, better food and about ten years' practice reduce the difference to 1*s.* 4*d.*" And Mr. Chadwick states[3] "that agricultural laborers who have joined gangs of navvies and have been drilled, with them, into their energetic piece-work habits, on returning to farm labor will do their tasks of work in half the time of the common day-laborers. Examples," he adds, "of the highest order of agricultural piece-work, with increased wages closely approaching manufacturing wages, are presented in the market-garden culture near the metropolis."

VI. The last reason which I shall assign for the superior efficiency of individual laborers, classes of laborers, or nations of laborers, is cheerfulness and hopefulness in labor, growing out of self-respect and social ambition and the laborer's personal interest in the result of his work.

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[1] Work and Wages, p. 117.
[2] P. 104.
[3] Statistical Journal, xxviii., p. 307.

I have spoken of causes which affect the laborer's bone and sinew, his physical integrity and his muscular activity.

I have spoken also of causes which affect his intellectual qualification for his work, the intelligence which shall direct his bodily powers to the end of production. The causes now in view are moral, affecting the will.

After all, it is in the moral elements of industry that we find the most potent cause of differences in efficiency. If it constitutes one a sentimentalist to recognize the power of sentiment in human action, whether in politics or in economics, the writer gladly accepts the appellation. Cheerfulness and hopefulness in the laborer are the spring of exertions in comparison with which the brute strength of the slave or the eye-server is but weakness.

The inferiority of the labor of the slave[1] to that of the freeman, even of the lowest industrial grade, is proverbial. Slave labor is always and everywhere ineffective and wasteful because it has not its reward.[2] No matter how complete the authority of the master over the person and the life, he cannot command all the faculties of his slave. The slave may be made to work, but he can not be made to think; he may be made to work, but he can not be kept from waste; to work, indeed, but not with energy. Energy is not to be commanded, it must be called forth by hope, ambition, and aspiration. The whip only stimulates the flesh on which it is laid. It does not reach the parts of the man where lie the springs of action. No brutality of rule can evoke even the whole physical power of a human being. The man himself, even if he would, can not

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[1] Prof. Cairnes, in his able work on "The Slave Power," sums up the economical defects of slave labor under three heads: "It is given reluctantly; it is unskilful; it is wanting in versatility." (P. 44.)

[2] "The experience of all ages and nations, I believe, demonstrates that the work done by slaves, though it appears to cost only their maintenance, is, in the end, the dearest of any. A person who can acquire no property can have no other interest but to eat as much and to labor as little as possible."—Adam Smith, Wealth of Nations, i. 390, 391.

render his own best service unless some passion of the higher nature, love, gratitude, or hope, be awakened. The nervous force, which is to the muscular what the steam is to the parts of the engine, is only in a small degree under the control of the conscious will. It is a little fire only that fear kindles, and it is a little force only that is generated thereby to move the frame. I speak of fear alone, that is, mere fear of evil. When love of life and home and friends are present and give meaning to fear, the utmost energies may be evoked; but not by fear alone, which is, the rather, paralyzing in its effect.

Were it not for this impotence of the lash, the nations would either not have risen from the once almost universal condition of servitude, or would have risen far more slowly. The slave has always been able to make it for his master's interest to sell him freedom. He could always afford to pay more than could be made out of him. This is a well-recognized principle, and hence the former slave States of the American Union, building their political and social institutions on slavery as the corner-stone, had to forbid entirely or to put under serious disabilities the exercise of manumission. Even with the little the brutalized black could apprehend of the privileges of freedom, even with his feeble hopes and aspirations, condemned, as he knew, by his color to perpetual exclusion, he could always buy himself if permitted. This unprofitableness of slave or bond labor[1] has prepared the way for those great changes, generally, it is true, effected immediately under the pressure of political necessities,[2] which have transformed whole populations of slaves or serfs into nations of freemen.

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[1] Mr. Turnbull, in his work on Austria, says: "A large Bohemian proprietor, who with his brothers counted on their estates 18,000 subjects, has frequently observed to me that he found it usually more advantageous to accept even a very small part of the legal commutation-money, and to hire labor from others, than to take it in kind from those who were bound to yield it."

[2] Instance the action of the nobles of Hungary, at the outbreak of

But great as is the superiority, arising from this cause alone, of free over serf or slave labor, the difference is yet not so great as exists between grades of free labor, as cheerfulness and hopefulness in labor, due to self-respect and social ambition, are found, in greater or in less degree, animating classes and communities of laborers.

It is in the proprietor of land under equal laws that we find the moral qualities which are the incentive of industry most highly developed. Arthur Young's saying has become proverbial: "Give a man the secure possession of a bleak rock, and he will turn it into a garden;"[1] as also his other saying, "The magic of property turns sand into gold."[2] The energy which fear and pain can not command, joy and hope call forth in its utmost possibilities. The man not only will, he can. The waste of muscular force is perhaps not half as great in toil which is taken up freely and gladly. Nervous exhaustion comes late and comes slowly when the laborer sees his reward manifestly growing before his eyes.

It is the fulness and the directness of this relation of labor to its reward which, without bell or whip, drives the peasant proprietor afield, and,

"From the rising of the lark to the lodging of the lamb,"

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the revolution of 1848, in transmuting the urbarial tenure of lands into unrestricted tenure by freehold. "By this great and voluntary concession," says Alison, "the property of 500,000 families, consisting of little estates from 30 to 60 acres each, and comprehending nearly half a kingdom, was at once converted from a feudal tenure, burdened with numerous duties, into absolute property."—History of Europe, xxii. 612.

[1] "An activity has been here that has swept away all difficulties before it, and has clothed the very rocks with verdure. It would be a disgrace to common-sense to ask the cause: the enjoyment of property must have done it. Give a man the secure possession of a bleak rock, and he will turn it into a garden; give him a nine years lease of a garden, and he will convert it into a desert."—Travels in France, Pinkerton, iv. 122.

[2] How the magic of property turns sand into *mold*, a truer source of wealth than placers or auriferous quartz, has been shown in the maritime districts of Belgium.

employs his every energy, directed by all his intelligence, towards the maximum of production with the minimum of loss and waste. Thus it is that Mr. Inglis describes the peasantry of Zurich:

"When I used to open my casement, between four and five in the morning, to look out upon the lake and the distant Alps, I saw the laborer in the fields; and when I returned from an evening walk, long after sunset, as late perhaps as half past eight, there was the laborer, mowing his grass or tying up his vines."

"No men in the world," says Prof. Hearn, "exhibit a greater degree of habitual energy than the Scottish subjects of Queen Victoria; yet when her great-grandfather was heir to the throne, the Scottish people were conspicuous for their incorrigible indolence. The lazy Scotch were in the last century as notorious as the lazy Irish[1] of a later day. In both countries a like effect was produced by a like cause."[2]

When we turn from the proprietor of land to the hired laborer, we note at once a loss of energy. In the constitution of things it can not be otherwise. When the relation of labor to its reward becomes indirect and contingent, and the workman finds that the difference, to himself, of very faithful or but little faithful service is only to be experienced in a remote and roundabout way, according as the master's future ability to employ him may be in a degree affected thereby, his own present wages being fixed by contract, and secure upon compliance with the formal requirements of service; or according as his own reputation for efficiency or inefficiency may lead to his being longer retained or earlier discharged, in the event of a future reduction of force—I say, when the relation of labor

[1] Arthur Young in 1777 described the Irish as "lazy to an excess at work, but spiritedly active at play" (Pinkerton, iii. 872.) When the Irishman has a fair chance under equal laws, he imports all this activity into his work.

[2] Plutology, p. 41.

to its reward becomes thus indirect and contingent, the workman not only will not, he can not, being man, labor as he would labor for himself. Even without the least wilful intention to shirk exertion or responsibility, there will be, there must be, a falling off in energy and in carefulness: a falling off which will make a vast difference in production long before it is sufficiently a subject of consciousness on the part of the laborer himself to become "eye-service," or of observation on the part of the employer to lead to complaint.

But the loss of energy and carefulness due to the making distant or doubtful the reward of extra exertion on the part of the workman, will be much greater with some than with others under precisely similar conditions, and will vary greatly, also, as conditions vary. Whether it be superiority in faith, in conscience, or in imagination,[1] that makes the difference, there are those who can work in another's cause almost as zealously and prudently as if it were in their own. Such men more clearly apprehend, however they come to do it, the indirect and remote rewards of zeal and fidelity, or, apprehending these no more strongly than others, they are yet better able to direct their energies to an end, and control and keep under the appetites and impulses which make against a settled purpose. Some men, some races of men, are easily recognized as more genuine, honest, and heroic than others, and these differences in manly quality come out nowhere more conspicuously than in the degrees of interest and zeal exhibited in hired labor.

I have not chosen to introduce into the body of the foregoing discussion the effects of drunkenness and dishonesty

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[1] I will guard myself against a critic's sneer at the introduction of this word into a treatise on wages by citing Mr. Mill's remark, "It is very shallow, even in pure economics, to take no account of the influence of imagination."—Pol. Econ., i. 392, 393.

in reducing the efficiency of labor. Throughout all that has been said the laborer has been assumed to be temperate and well-intentioned. Of the frightful waste of productive power, through both the diminution of work and the increase of waste, which results from the vice of drunkenness, so lamentably characterizing certain races, it can not be necessary to speak. More than all the festivals of the Greek or the Roman church, the worship of "Saint Monday"[1] reduces the current wages of labor, while leaving its ineffaceable marks on heart and brain and hand. The want of common honesty between man and man, though happily less frequent than the indulgence of vicious appetites, works even deeper injury to industry where it prevails in any considerable degree. "A breach of trust among the stoneworkers of Septmoncel," says Lord Brabazon, in his report of 1872 on the condition of the industrial classes of France, "would be sufficient to cause the banishment of this rich industry from the mountains of the Jura to the workshops of Paris and Amsterdam;"[2] and the same judicious reporter states that the abstraction of the silk given to the Lyons workmen to manufacture "has always weighed heavily on the trade of that city." "To meet this," says M. Beaulieu, in his Populations Ouvrières, "the manufacturer has but one resource, the diminution of the rate of wages. Either the factory or workshop must be closed or wages must be lowered. There is no middle course, and in either case the workman is the sufferer." It need not be said that the illicit gains thus obtained—sold as the plunder is surreptitiously, under penalty of the galleys—have afforded a very inadequate

[1] "Almost invariably an unemployed day in Belgium." (Report of Mr. Consul Grattan on the condition of the industrial classes, 1872, p. 19.) Much the same story comes from Norway and Sweden, England and Scotland, whose inhabitants we reckon among the noblest peoples of the world.

[2] P. 67.

compensation to the workmen for the loss which their dishonesty inflicted upon the trade.

I can not better close this extended discussion of the causes which contribute to the efficiency of labor than by introducing two extracts, the first from Dr. Kane's work on the Industrial Resources of Ireland, in which he accounts very justly for the difference between the Irish and the English laborer of that period; the second from Adam Smith's Wealth of Nations. Both are profoundly significant, and I ask the reader's careful consideration of them with reference to the principles previously discussed, and also with reference to the doctrine of the wages fund, to be treated hereafter.

"A wretched man," says Dr. Kane, "who can earn by his exertion but four or five shillings a week, on which to support his family and pay the rent of a sort of habitation, must be so ill-fed and depressed in mind that to work as a man should work is beyond his power. Hence there are often seen about employments in this country a number of hands double what would be required to do the same work in the same time with British laborers. · · · When I say that the men thus employed at low wages do so much less real work, I do not mean that they intentionally idle, or that they reflect that as they receive so little they should give little value; on the contrary, they do their best honestly to earn their wages; but, supplied only with the lowest descriptions of food, and perhaps in insufficient quantity, they have not the physical ability for labor, and being without any direct prospect of advancement, they are not excited by that laudable ambition to any display of superior energy. If the same men are placed in circumstances where a field for increased exertion is opened to them, and they are made to understand, what at first they are rather incredulous about, that they will receive the full value of any increased labor they perform, they become new beings, the work they execute rises to the highest standard, and they earn as much money as the laborers of any other

country. *Wages are no longer low, but labor is not on that account any dearer than it has been before.*"[1]

"The liberal reward of labor," says Adam Smith,[2] "as it encourages the propagation, so it encourages the industry, of the common people. *The wages of labor are the encouragement of industry*, which, like every other human quality, improves in proportion to the encouragement it receives. A plentiful subsistence increases the bodily strength of the laborer, and the comfortable hope of bettering his condition and ending his days perhaps in ease and plenty animates him to exert that strength to the utmost. Where wages are high, accordingly, we shall always find the workmen more active, diligent, and expeditious than where they are low: in England, for example, than in Scotland; in the neighborhood of great towns than in remote country places."

[1] Pp. 397, 398.

[2] Wealth of Nations, i. 86.

CHAPTER IV.

THE DEGRADATION OF LABOR.

I use the term, degradation of labor, here in the sense of the reduction of the laborer from a higher to a lower industrial grade.

The constant imminence of this change, the smallness of the causes, often accidental in origin and temporary in duration, which may produce it, and the almost irreparable consequences of such a catastrophe, are not sufficiently attended to in discussions of wages. To the contrary, it is the self-protecting power of labor which is dwelt upon. It is shown how, if by any insidious cause, or from any sudden disaster in trade or production, be the same local or general, industry is impaired and employment diminished, labor immediately sets itself, by natural laws, to right itself, by withholding increase of population, or by migrating to more fortunate localities.

The same, if labor be crowded down by the power of capital, or by unjust laws: through economical harmonies which have excited the admiring gratitude of many writers, the vindication of the laboring class is effected automatically and peacefully, without revolution and without machinery. The excessive profits which the employing class are thus enabled for a time to make, increase the capital of the community, and thus give enhanced employment to laborers, so that, in the end, it is quite as well as if the money had gone in wages instead of profits. Thus Prof. Perry says: "If capital gets a relatively too large reward,

nothing can interrupt the tendency that labor shall get, in consequence of that, a larger reward the next time. . . . If capital takes an undue advantage of labor at any point, as unfortunately it sometimes does, somebody at some other point has, in consequence of that, a stronger desire to employ laborers, and so the wrong tends to right itself. This is the great conservative force in the relations of capital to labor."[1]

Now, of the degrees of celerity and certainty with which population does, in fact, adapt itself to changes in the seats or in the forms of industry, or assert itself against the encroachments of the employing class or the outrages of legislation, I shall have occasion to speak with some fulness hereafter (Chapter XI.). But I desire at the present time, in close connection with our discussion of the causes which contribute to the efficiency of labor, to point out the consequences of any failure or undue delay on the part of population in thus resenting the loss of employment or the reduction of wages.

The trouble is, these changes which are to set labor right always require time, and often a very long time. There is danger, great danger, that meanwhile men will simply drop down in the industrial and social scale, accept their lot, and adapt themselves to the newly-imposed conditions of life and labor.[2] If this most melancholy result

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[1] The Financier, August 1, 1874.

[2] "There is considerable evidence that the circumstances of the agricultural laborers in England have more than once in our history sustained great permanent deterioration from causes which operated by diminishing the demand for labor, and which, if population had exercised its power of self-adjustment in obedience to the previous standard of comfort, could only have had a temporary effect; but, unhappily, the poverty in which the class was plunged during a long series of years brought that previous standard into disuse, and the next generation, growing up without having possessed those pristine comforts, multiplied in turn without any attempt to retrieve them."—J. S. Mill, Pol. Econ., i. 41.

Mr. Mill here explains the whole permanent effect upon the grounds

takes place, then, it should be observed, *the restorative changes which have been spoken of need not be effected at all.* All things settle to the new level; industrial society goes on as before, except that there is a lower class of citizens and a lower class of laborers. There is thereafter no virtue at all, no tendency even, in strictly industrial forces or relations to make good that great loss. In a word, much of the reasoning of the schools and the books on this subject assumes that the laboring class will resent an industrial injury, and will either actively seek to right themselves, or will at least abide in their place without surrender until the economical harmonies have time to bring about their retribution. But the human fact (so often to be distinguished from the economical assumption) is, there is a fatal facility in submitting to industrial injuries which too often does not allow time for the operation of these beneficent principles of relief and restoration. The industrial opportunity comes around again, it may be, but it does not find the same man it left: he is no longer capable of rendering the same service; the wages he now receives are perhaps quite as much as he earns.

Let us take successively the cases of a reduction of wages and of a failure of employment. Let it be supposed that a combination of employers seeking their own immediate interests, that is, to get labor as cheaply as possible, perhaps under some pressure brought on them by the state of the market, succeeds in effecting a reduction of the wages of common labor, in a given community, from $1 to 75 cents per day. If the $1 previously received has allowed comforts and luxuries and left a margin for saving, and especially if intelligence and social ambition prevail in the community,

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of Malthus, overlooking the equally important consideration that, without respect to the numbers of the laboring class, the efficiency of labor must have been seriously impaired by inadequate food and clothing, unhealthy dwellings, and, more than all, by the loss of hopefulness, cheerfulness, and self-respect.

this reduction will probably be resented in the sense that population will be reduced by migration or by abstinence from propagation until the former wages are, if possible, restored. But if the previous wages have been barely enough to furnish the necessaries of life, with no margin for saving, and especially if the body of laborers are ignorant and unambitious, the probabilities are quite the other way. The falling off in the quantity or quality of food and clothing, and in the convenience and healthfulness of the shelter enjoyed, will at once affect the efficiency of the laborer. With less food, which is the fuel of the human machine, less force will be generated; with less clothing, more force will be wasted by cold; with scantier and meaner quarters, a fouler air and diminished access to the light will prevent the food from being duly digested in the stomach, and the blood from being duly oxydized in the lungs; will lower the tone of the system, and expose the subject increasingly to the ravages of disease. Now, in all these ways the laborer becomes less efficient simply through the reduction of his wages. The current economy asserts that whatever is taken off from wages is added to profits, and that hence a reduction of wages will increase capital and hence quicken employment, and hence, in turn, heighten wages. But we have seen it to be quite possible that what is taken from wages no man shall gain. It is lost to the laborer and to the world. Now, so far as strictly economic forces are concerned, where enters the restorative principle? The employer is not getting excessive profits, to be expended subsequently in wages. The laborer is not underpaid: he earns what he gets now no better than he formerly did his larger wages.

This image of the degraded laborer is not a fanciful one. There are in England great bodies of population, communities counting scores of thousands, which have come, in just this way, to be pauperized and brutalized; the inhabitants weakened and diseased by underfeeding and foul air until, in the second generation, blindness, lameness, and

scrofula become abnormally prevalent; hopeless and lost to all self-respect so that they can scarcely be said to desire a better condition, for they know no better; and still bringing children into the world to fill their miserable places in garrets and cellars, and, in time, in the wards of the workhouse.

Such a region is Spitalfields, where a large population, once reasonably prosperous and self-respectful, was ruined by a great change in the conditions of the silk manufacture. The severity of the industrial blows dealt them in quick succession was so great that the restorative principles never began to operate at all. Spitalfields succumbed to its fate. Instead of it being true that the misery of the weavers was a reason to them to emigrate, it constituted the very reason why they could not emigrate, or would not. Instead of it being true that their misery was a reason to them not to propagate, the more miserable they became, the more reckless, also, and the heavier grew their burdens. As a consequence, in a single human generation the inhabitants of Spitalfields took on a type suited to their condition. Short-lived at best, weakness, decrepitude, and deformity made their labor, while they lasted, ineffective and wasteful. So long ago as 1842 the Poor-Law Commissioners reported that it was almost a thing unknown that a candidate from this district for appointment in the police was found to possess the requisite physical qualifications for the force.[1] "You could not," says another witness, "raise a grenadier company among them all." Yet it is recorded that the Spitalfields volunteers during the French wars were "good-looking bodies of men."

But if this loss may be suffered in respect to the physical powers of the laborer through a reduction of wages, quite as certainly and quite as quickly may his usefulness be impaired through the moral effects of such a calamity. And just as the greatest possibilities of industrial efficiency lie

[1] Report, p. 202.

in the creation of hopefulness, self-respect, and social ambition among the laboring class, so the chief possibilities of loss lie in the discouragement or the destruction of these qualities. We have seen through what a scale the laborer may rise in his progress to productive power; by looking back we may see through what spaces it is always possible he may fall under the force of purely industrial disasters.

"The wages of labor," says Adam Smith, "are the encouragement of industry, which, like every other human quality, improves in proportion to the encouragement it receives." If this be true, every reduction of wages must, in some degree, diminish the efficiency of labor. But it is when the reduction begins to affect the power of the workman to maintain himself according to the standard of decency which he has set for himself that the decline in industrial quality goes on most rapidly. The fact that he is driven to squalid conditions does not merely lower his physical tone: almost inevitably it impairs his sense of self-respect and social ambition, that sense which it is so difficult to awaken, so fatally easy to destroy. Especially as the pinching of want forces his family into quarters where cleanliness and a decent privacy become impossible does the degradation of labor proceed with fearful rapidity.[1] Ambition soon fails the laborer utterly; self-respect disappears amid the beastly surroundings of his life; the spring of effort is broken; it may be he becomes dissipated and irregular, and his employer can not afford his beggarly pit-

[1] "Modesty must be an unknown virtue; decency, an unimaginable thing, where in one small chamber, with the beds lying as thickly as they can be packed, father, mother, young men, lads, grown and growing-up girls are herded promiscuously; where every operation of the toilet and of nature—dressings, undressings, births, deaths—is performed within the sight and hearing of all; where children of both sexes to as high an age as 12 or 14, or even more, occupy the same bed; where the whole atmosphere is sensual, and human nature is degraded into something below the level of the swine. It is a hideous picture; and *the picture is drawn from life.*"—Appendix to the First Report of the Poor-Law Commissioners, p. 34.

tance now so well as formerly the wages of his hopeful labor.

All such effects tend to remain and perpetuate themselves. When people are down, economical forces solely are more likely to keep them down, or push them lower down, than to raise them up. It is only on the assumption that labor will resent industrial injuries, either by seeking a better market or by abstaining from reproduction, that it can be asserted that economical laws have a tendency to protect the laboring class and secure their interests. Just so far as laborers abide in their lot, and bring forth after their kind, while suffering industrial hardship, no matter how in the first place incurred, the whole effect and tendency of purely economical forces is to perpetuate, and not to remove, that hardship, either in the next year or in the next generation. Moral and intellectual causes only can repair any portion of the loss and waste occasioned.

If such are the unfortunate liabilities of a violent reduction of wages, it will of course appear, without any extended illustration, that the effects of a protracted failure of employment must be even more injurious to the efficiency of labor where the margin of life is at the best narrow and no accumulation of savings has been effected. All the hardships of the conditions described are here aggravated to an intolerable degree, and it is more than is to be expected of human nature if despondency and despair do not drive the unhappy laborer to the dram-shop[1] to drown his sorrows and his fears in indulgences which will leave him worse in character and weaker in nerve and sinew. However industry may revive, the shattered industrial manhood can never be fully restored.

But perhaps even more than in the miserable resort to the dram-shop, the fatal effects of a cessation of employ-

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[1] "C'est surtout pendant les époques de chômages que l'ouvrier, ne sachant comment employer ses heures, hante le cabaret."—Rapport (M. Ducarre) Salaires et rapports entre ouvriers et patrons, p. 239.

ment upon the industrial quality are seen in the readiness with which, when once he has had experience of public support, the laborer takes refuge in charity. Rarely is character found robust enough to throw off this taint. Let a man once be brought to that painful and most humiliating necessity, it is scarcely an exaggeration to say that ever after he must be counted as industrially dead. Where first he was driven, as to the bitterness of death, only by extremity of suffering, only after desperate efforts and long endurance, he now resorts with a fatal facility on the first suggestion of want. Known to his comrades as having received relief, his children bearing the pauper-brand among their playmates, all ingenuous sensibility soon disappears. "We can not," says Mr. McCullagh Torrens, in his work "The Lancashire Lesson," dealing with the experiences of England during the Cotton Famine incident to our war— "we can not help marking the readiness with which, on the first cessation of adequate wages, large numbers of persons now resort to rates and subscription funds, many of whom three years ago would have shrunk instinctively from such public avowal of indigence." This is the despair of industry. The pauper lies below the slave in the industrial scale. No lower depth opens downward from this.

My object, I repeat, in treating here this topic of "the degradation of labor" is to point out the constantly imminent danger that bodies of laborers will not soon enough or amply enough resent industrial injuries which may be wrought by the concerted action of employers, or by slow and gradual changes in production, or by catastrophes in business, such as commercial panics; and upon this, and in immediate connection with the discussion of the causes which contribute to the efficiency of labor, to show the self-perpetuating nature of such industrial injuries under the operation of the very economical principles which, with alert and mobile labor intelligently seeking its interests, would secure relief and restoration.

CHAPTER V.

THE LAW OF DIMINISHING RETURNS.

We have now reached a point where we must consider the principles which govern the relations of population to subsistence.

Why should not population multiply indefinitely and still find, at each stage of increase, food ample for all? Nay, with the power there is in mutual help, and with the wonderful mechanical advantages which result from the subdivision of industry and the multiplication of occupations, why should not the share of each be continually augmenting as the number of laborers capable of rendering such mutual services and uniting in industrial enterprises, increases?

The answer to these questions is found in the Law of Diminishing Returns in Agriculture. Up to a certain point, the increase of laborers increases the product not only absolutely but relatively; that is, not only is more produced in the aggregate, but the product is larger for each laborer. Two men working over a square mile of arable land will not only merely produce twice as much as one man: they will produce more than twice, perhaps three times as much. This is because the two can take hold together of work to which the strength of either alone would be inadequate, or which requires that one person shall be in one place, and another at the same time in another place, in order that the two may act simultaneously, as, for example, one driving oxen and the other holding the plough.

Moreover, where the two are not working together, in the usual acceptation of that term, they may yet help each other greatly by agreeing to divide their tasks. Each, confining himself to a certain part, will become, for that reason, more apt and dexterous, will learn to avoid mistakes and save waste, and will acquire a facility in production which would be impossible were he to undertake a wider and more varied line of duties.

For a similar reason, three men will not merely produce three times as much as one: they will probably produce four times, perhaps five times, as much. A minuter subdivision of industry will become possible, and a more effective assistance in those parts of the work which require the actual co-operation of the different members.

Much in the same way is it with the application of capital to land. Let four men be working upon a square mile of arable land, having the use of a capital to the value of $25, comprising rude spades, axes, and hoes. Now, double that capital, allowing an improvement in the quality of the tools or an increase in the quantity as may be desired. There will be, if that additional capital have been judiciously used, an increase of product over the product of the same men when employing the smaller capital, which increase we will call A. If we place in the hands of these men another $25 of capital, in forms appropriate to their wants, making $75 capital in all, we shall have another increment of product; but it will not be A only, but A *plus* something. And if, again, we give them an additional capital of $75, making $150 in all, including now a horse, a plough, and a cart, the addition made thereby to their product will not be 3A merely: it may be 5A; it may be 10A; it may be 20A.

This process of increasing the labor and capital to be applied to a square mile of arable land might, as we need not take space to show, be continued to a very considerable extent; and all the while it would remain true that the product was increased more than proportionally, so

that a continually larger share could be assigned to each individual laborer, and to each dollar of capital. The two principal causes for such increase of product, if we confine our attention to the increase in the number of laborers —as, for simplicity's sake, we shall hereafter do—are those already indicated, namely: 1st, the ability of men actually working together to do things to which any one of them would be singly incompetent, or would do slowly, painfully, and imperfectly; and 2d, the advantages which men acquire by dividing their tasks, so that each may confine himself to a single line of duties, and acquire a higher degree of efficiency therein.

But now appears a new opportunity for at once employing more laborers on our square-mile tract, and increasing the remuneration of each. Let us suppose there are 12 laborers, and that the increase of capital has been such as to give them a sufficiency of the ordinary tools used in agriculture at the time. Let us also suppose that out of their previous production they have been able to save a considerable store of provisions and other necessaries of life, all included under the generic name capital. They have also bred livestock till they have a pretty full supply of working animals.

Up to this time they have been cultivating only certain portions of the tract to which we have assigned them. They could not cultivate the whole successfully with so few hands, and they have accordingly made selection of those parts which were best suited to their immediate purposes.[1] A skilled agriculturist walking over the tract, kicking a clod now and then on the cultivated parts with his toe, and breaking a hole with his heel, here and there, through the natural turf, would say that they had thus far made use only of the light, warm, sandy soils which yield

[1] "The principle which guides the American farmer is to take the most paying crop which can be grown with the *least cost of labor*."—James Caird's Prairie Farming, p. 21.

quick returns on the application of little labor, but that there were other portions of the tract, as yet wet and cold, with a strong, deep soil, which would some time, with labor and capital, be much better worth cultivating. Moreover, a portion of the tract is covered with wood, and a hundred acres, or so, lie in swamp, useless, and even pestiferous, to our young community.

Now, having reached the comparative freedom of life we have described, feeling strong in their united labor and their accumulated capital,[1] they resolve to undertake the thorough drainage of the swamp; and with this view invite four new laborers from outside to join fortunes with them. The draining of the swamp involves a year's labor, and requires the community to give up a year's crop, a thing which they would have been unable to do at an earlier period in their history, but which their accumulations now render possible. The ground thus drained and opened, rich with the vegetable deposits of centuries, proves to be by far the most productive portion of their land. So far as they still work upon the old lands they achieve as large a product as before; so far as they work upon the new land the product is greater; and consequently (as we are assuming a community of land, of labor, and of wealth) the share of each is greater in spite of, or indeed by reason of, the increase in their numbers.

A few years pass. The store of provisions and other necessaries, of implements and of livestock, which was drawn down very low by the great effort of draining the swamp, has now, from the increased productiveness of the joint estate, grown to dimensions larger than ever before. The community is now, therefore, in a position to undertake any improvement which, though involving large pre-

[1] "In a new country and among poor settlers . . . poor land is a relative term. Land is called poor which is not suitable to a poor man, which, on mere clearing and burning, will not yield good first crops. . . . . Thus that which is *poor land for a poor man* may prove *rich land to a rich man.*"—Prof. Johnston's Notes on North America, ii. 116, 117.

sent expenditures, promises to be remunerative in the final result. The incentive thus arising from the possession of capital joining, as it chances, with the arrival of four new laborers who desire to cast in their fortunes with the young community, leads to the resolution to thoroughly underdrain the rich, deep soils which have been lying so long cold and wet, on the further side of a sharp, rocky ridge, while the thinner but dryer and warmer parts have been cultivated for the sake of their quick returns. Another harvest is foregone and the year given up to the improvement, which again brings the stock of provisions and clothing very low, and reduces the tools and livestock of the community to the smallest dimensions consistent with working efficiency; but the thing is done, and done once for all: soils richer and stronger have been opened to tillage, and the community, now consisting of 20 laborers, is able to withdraw, in the main, from the lighter, sandy soils, and concentrate their energies principally on the site of the former swamp, and on the parts last brought under cultivation; and now the product per man is notably increased, while the capabilities of the soil are so liberal that the land responds to every increase of capital with constantly-increasing returns.

It will not be necessary to recite the cutting down of the timber, the clearing up of the ground, and the opening of what is, after all, the best land of the whole tract. Suffice it to say that the poorer lands are now given up entirely, and the community, increased by accessions from abroad to 24 laborers, working on none but those soils which are really in the broad view the most productive, obtains a larger *per-capita* crop than ever before.

So far certainly we have not reached a condition of "diminishing returns." On the contrary, returns have increased with and through the increase of population. But we will now suppose that 24 laborers are as many as can be employed to the best advantage on the good lands of the tract which we have been considering, and that if

25 laborers were to be engaged the product would be more than with 24—for that is a matter of course—but not $\frac{1}{24}$ as much more, so that, with community of labor and of wealth, each of the 25 must fain be content with a little less than each of the 24 had received; and, in the same way, were still another laborer to appear, the 26 would produce more than the 25 had done, to be sure, but not $\frac{1}{25}$ more, so that each of the 26 would receive less even than each of the 25 had done. This would be a condition of "diminishing returns;" and this condition is liable to be reached in the course of the settlement of any region.[1]

We will suppose our community to become aware of this condition, and thereon to resolve that no further accessions from abroad shall be received; but in the very act of so resolving, one of the number discovers the principle of the rotation of crops. Heretofore they had been accustomed to leave every year a portion of their choicest lands unsown, having learned that this was essential to keeping the soil in its highest productive power. Thus they not only lost the advantage of cultivating these choicest portions of their domain, but, as they found it necessary to plough the fallow in order to keep down the weeds, they had to lay out a part of their laboring-power each year without any result in the crop of the year. But the discovery of the principle of rotation changed all this. The dis-

[1] Prof. Cairnes's answer to those who deny the diminishing productiveness of land is absolutely conclusive. "If any one denies the fact, it is open to him to refute it by making the experiment. Let him show that he can obtain from a limited area of soil any required quantity of produce by simply increasing the outlay—that is to say, that by quadrupling or decupling the outlay, he can obtain a quadruple or decuple return. If it be asked why those who maintain the affirmative of the doctrine do not establish their views by actual experiment, the answer is that *the experiment is performed for them by every practical farmer;* and that the fact of the diminishing productiveness of the soil is proved by their conduct in preferring to resort to inferior soils rather than force unprofitably soils of better quality."—Logical Method, etc., p. 35.

covery, in a word, was that the soil, like a man or a horse, may rest from one kind of work while doing another; that to the soil the raising of two different crops is the doing of two different kinds of work: that crop A draws from the soil properties *a*; crop B, properties *b*; crop C, properties *c*; and that consequently the soil may be recuperating as to properties *a* and *b*, while bearing crop C quite, or nearly, as well as if it were doing nothing.

Now, this discovery of the principle occurred, we will suppose, just in time to prevent the disappointment of 12 worthy laborers who had come a great distance, hoping to join themselves with our community, but were on the point of being turned away on the ground that with 36 laborers, under the existing system of fallows, the community would be obliged to return to some of the less productive lands which had been abandoned. With rotation, however, this objection no longer exists. The 12 newcomers are received, and inasmuch as the laborers in the fields are now relatively more concentrated, not having to go out to work, or to haul the produce over fallow spaces, and inasmuch, too, as the increase in numbers allows a much higher degree of co-operation and a minuter subdivision of industry (always a prolific source of mechanical advantage), while yet all are working on the better lands, the product is found to be not one half larger only, but even more, so that each of the 36 receives more than each of the 24 had done.

It will not be necessary to take our reader's time to relate how the simple suggestion that muck might be taken from the bed of the old swamp and spread on other portions, led to the employment of four additional laborers from abroad; or how the invention[1] of a new plough which turned up the earth from 18 inches depth instead of 8, as by the ploughs previously in use, allowed the number of laborers

[1] Be it remembered that in our community there are neither rents nor royalties.

to rise, one by one, to 48, not only with no diminution of the average product, but with its positive increase.

Now, the above illustrations have not exhausted the number or exaggerated the scope and effect of advantages in the resort from inferior to better soils, in the accomplishment of permanent improvements, in the invention of tools and implements, in the discovery of new resources, and in the utilization of waste, which may enable the number of laborers in any given country to increase from year to year without the part of each being diminished.[1]

But without trying further my reader's patience, I will assume that, in the case taken, all known means of increasing the product proportionally, or more than proportionally, to the increase of the number of laborers, have been tried and exhausted, and that with 48 laborers to the square-mile tract the condition of "diminishing returns" has been reached, so that any increase of laborers beyond that point will result in a diminished *per-capita* product. In such a condition the remark of Mr. J. S. Mill applies: "It is in vain to say that all mouths which the increase of mankind calls into existence bring with them hands. The new mouths require as much food as the old ones, and the hands do not produce as much."[2] Let it be borne in mind, however, that the *aggregate product* may still, and may even

[1] "The soil of England produces eight times as much food as it produced 500 years ago."—Rogers, Pol. Econ., p. 181. Of the agriculture of the former period, Prof. Rogers says: "In those days half the arable land lay in fallow. The amount produced was, to take wheat as an example, about eight bushels the acre in ordinary years, *i.e.*, little more than a third of an average crop at the present time. There were no artificial grasses. Clover was not known, nor any of the familiar roots. As a consequence, there was little or no winter feed, except such coarse hay as could be made and spared. Cattle were small and stunted by the privations and hard fare of winter. The average weight of a good ox was under four cwt. Sheep, too, were small, poor, and came very slowly to maturity. The average weight of a fleece was not more than two pounds. With ill-fed cattle there was little or no strong manure."—Pol. Econ., pp. 157, 158.

[2] Pol. Econ. i. 230.

indefinitely, be increased by additional labor. England, densely populated and highly cultivated as that country is, has not begun to approach the state where additional labor will produce no appreciable increase of crops. "There are," says Prof. Senior, "about 37,000,000 acres in England and Wales. Of these it has been calculated that not 85,000—less, in fact, than one four-hundredth part—are in a state of high cultivation, as hop-grounds, nursery-grounds, and fruit and kitchen gardens, and that 5,000,000 are waste."[1] Prof. Senior proceeds with this striking exposition of the capabilities of production:

"If the utmost use were made of lime and marl and other mineral manures; if, by a perfect system of drainage and irrigation, water were nowhere allowed to be excessive or deficient; if all our wastes were protected by enclosures and planting; if all the land in tillage, instead of being scratched by the plough, were deeply and repeatedly trenched by manual labor; if minute care were employed in the selecting and planting of every seed and root, and watchfulness sufficient to prevent the appearance of a weed; if all livestock, instead of being pastured, had their food cut and brought to them; in short, if the whole country were subjected to the labor which a rich citizen lavishes on his patch of suburban garden; if it were possible that all this should be effected, the agricultural produce of the country might be raised to ten times, or indeed to much more than ten times, its present amount. . . . But although the land in England is capable of producing ten times, or more than ten times, as much as it now produces, it is probable that its present produce will never be quadrupled, and almost certain that it will never be decupled."

It will not have failed to be observed that the law of

[1] Pol. Econ., p. 82.

diminishing returns does not apply directly to mechanical industry. Yet, inasmuch as the materials of that industry are all of an agricultural origin, or at least are all taken from the soil, the cost of manufactured products will inevitably be enhanced in consequence. All, however, will not rise equally from this cause. Those in which the cost of the material is relatively small may for a long time decline in price in spite of "diminishing returns;" those in which the cost of the material is relatively large may increase steadily in spite of mechanical inventions and improvements.

In 1832 Mr. Babbage stated[1] that pig-lead to the value of £1 became worth when manufactured into

	£
Sheets or pipes of moderate dimensions	1.25
White-lead	2.60
Ordinary printing characters	4.90
The smallest type	28.30

Copper of the value of £1 became worth when manufactured into

	£
Copper sheeting	1.26
Household utensils	4.77
Metallic cloth, 10,000 meshes to the square inch	52.23

Bar-iron of the value of £1 became worth when manufactured into

	£
Slit iron for nails	1.10
Natural steel	1.42
Horseshoes	2.55
Gun-barrels, ordinary	9.10
Wood-saws	14.28
Scissors, best	446.94
Penknife-blades	657.14
Sword-handles, polished steel	972.82

Now, it is evident that the part of the cost of the nearly £1000 of sword-handles, instanced by Mr. Babbage, which is affected by the law of diminishing returns, is the few

[1] Economy of Manufactures, pp. 163, 164.

shillings' worth of pig-iron originally taken *plus* the few shillings' worth of coal necessary to produce the power and the melting and the tempering heat for the successive processes of manufacture. With the progress of chemical and mechanical discovery, therefore, the cost of the sword-handle and the penknife-blade will approach that of the horseshoe and the nail-iron. The efficiency of human labor, again, in the production of wheat may have increased sixfold since the days of the Odyssey; the efficiency of labor in converting that wheat into bread, as M. Chevalier computes it, has been multiplied one hundred and forty-four times. The efficiency of labor in producing wool may have increased four-fold in this long period, but many living men have seen the efficiency of labor in rendering wool into cloth multiplied fifty-fold.

So far, then, as human wants can be met by the elaboration of the crude materials furnished by the earth, satisfactions (to use the term which Bastiat's writings have brought so much into vogue) may be multiplied almost indefinitely, not in spite of, but partly in consequence of, the increase of population. The mechanic of to-day, if his wages yield something over the demands of physical maintenance, may purchase with the balance luxuries, in one of a thousand forms, which two hundred years ago would have tasked the means of the wealthiest banker. The wife of a common laborer may wear fabrics which would once have excited the admiration of a court. But, after all, the great bulk of the consumption of the working classes must be in coarse forms of agricultural produce simply prepared. It matters little to the laborer that for a few pence additional he may have his cotton wrought into exquisite designs which a century ago would have required months for their elaboration, if the pence he has are not enough to buy a sufficient weight of cotton to keep him and his children warm. His main concern is with the cost of grains and meats, of cotton and wool, of iron and wood; and to these, in their simplest forms, the law of diminish-

ing returns applies with a stringency that never relaxes. "If the fact were otherwise . . . the science of political economy, as it at present exists, would be as completely revolutionized as if human nature itself were altered."[1]

[1] J. E. Cairnes, Logical Method, etc., p. 36.

CHAPTER VI.

MALTHUSIANISM IN WAGES—THE LAW OF POPULATION.

To the situation reached at the close of the last chapter let us now apply the law of population known by the name of the English writer who, if he did not discover the principles underlying it, at least called and compelled general attention to them.

The reader will have noted that in tracing the gradual increase in numbers of the agricultural community whose experiences formed the subject of the last chapter, the additional laborers for whom room and work were found were in all cases called in from abroad, and that these laborers were taken as without families, or at least that women and children were in no way introduced into the narrative. This was because we were then only concerned with the industrial capabilities of the square-mile tract under consideration.

But now let us change the supposition. The addition of laborers shall be through the growth to maturity of the children of the first residents. All the conditions will remain substantially the same, through the whole course of settlement and improvement, until we reach the stage of "diminishing returns." Here the difference between the two modes of accession begins, and here Malthusianism applies for the first time. In the last chapter our supposition was that when the point was reached where the number of laborers was as great

as could be employed upon the land to advantage —that is, without a reduction of the *per-capita* crop— the existing body of laborers would refuse to receive further accessions, and thus stop at the limit of the highest individual product. But how will it be if the accessions are by the arrival at maturity of the children of the laborers themselves? Will that mode of increase be checked so easily, surely, and, one might say, automatically, when the real interests of the laborer demand that no more shall be admitted to the land now tilled to its highest *per-capita* capability? Mr. Malthus answers, No; and his great reputation rests on his searching investigation of the principles of population, and his conclusive statement that population has tended, at least under past human conditions, to disregard the moral inhibition contained in the fact of diminishing returns, and to increase thereafter faster than subsistence, and even to persist in that increase, while food became more scant, meagre, and unnourishing, until at last the one sufficient check was applied by disease and famine.

Population, said Mr. Malthus, increases in a geometrical ratio, while subsistence increases in an arithmetical ratio only. What, now, is the characteristic of geometrical as contrasted with arithmetical increase? It is that *the increase itself increases*. Thus, in a series of seven terms, we might have:

Arithmetical, 2, 4, 6, 8, 10, 12, 14.
Geometrical, 2, 4, 8, 16, 32, 64, 128.

Here, in the former series, the actual difference between the sixth and seventh terms is the same as that between the first and second, namely, 2. In the latter series, the difference between the first and second terms is also 2, while between the sixth and seventh it is 64. This tremendous leap from term to term is due to the fact that the increase between the first and second terms becomes itself the cause of increase between the second and third terms; and this increase, in turn, becomes the cause of corre-

sponding increase between the third and fourth, and so on to the end. Whereas in the arithmetical series we may say that the entire increase comes out of the original first term, and all the successive increments remain themselves barren.

Mankind, like every other species of animals, said Mr. Malthus, tend to increase in a geometrical ratio. Speaking broadly, every human pair, no matter in what term of the series appearing, has the same capability of reproduction as the original pair, and has the same likelihood of an equally numerous offspring, after the same number of generations, as Adam and Eve are credited with. It is in this fact of a reproductive capability in the descendant equal to that of the ancestor that Mr. Malthus found the possibilities of perpetual poverty, misery, and vice among the human race. At this point, however, it needs to be observed that the mere fact of children being born to every human pair on earth does not of itself meet the conditions of Mr. Malthus's reasoning. Mr. Greg, in his Social Enigmas, has written as if Malthusianism presented the issue whether people should have children or not. But it is plain—almost too plain, indeed, to be formally stated—that every human pair might have one child, and yet the race become extinct in a few generations; might have two children, yet no increase of population result, the children only supplying the parents' places in the social and industrial order; nay, as a large proportion of those who are born do, and seemingly must, in the present state of sanitary and medical science, die before reaching maturity, and as many who survive do, from one cause or another, remain single, every married pair might have three children, and yet there be no increase. Surely these facts dispose of Mr. Greg's sentimental grievance.

The doctrine of Malthus, then, assumes an average number of children to a family sufficient, after allowance for infant mortality, celibacy, and exceptional sterility, to yield a net increase in each generation. As matter of fact,

Mr. Malthus[1] assumes in excess of four children to a family as the average under conditions where neither "vice, misery, nor moral restraint" appear to check the natural progress of population. The validity of the theory does not, however, depend on the specific ratio taken. Given only a number of children sufficient to yield a net increase, however slight, in each generation, with an undiminished reproductive capability in each married pair, we have the conditions of a geometrical progression. And the capabilities of a geometrical progression when persisted in are simply tremendous. "The elephant," says Mr. Darwin, "is reckoned the slowest breeder of all known animals, and I have taken some pains to estimate its probable minimum rate of natural increase. It will be safest to assume that it begins breeding when thirty years old, and goes on breeding till ninety years old, bringing forth six young in the interval, and surviving till one hundred years old; if this be so, after a period of from seven hundred and forty to seven hundred and fifty years there would be alive nearly nineteen million elephants descended from the first pair. . . . Even slow-breeding man has doubled in twenty-five years, and at this rate in a few thousand years there would literally not be standing-room for his progeny."[2]

But how would it be meanwhile with subsistence? In saying that this tends to increase in an arithmetical ratio only, Mr. Malthus did not deny an inherent capability in vegetable life to reproduce itself far more rapidly than it is given to most species of animals to do. "Wheat, we know," says Prof. Senior, "is an annual, and its average power of reproduction perhaps about six for one; on that supposition, the produce of a single acre might cover the globe in fourteen years.[3]" Here, surely, is geometrical and geographical progression with a vengeance! Why, then, assert for vegetable life a power of arithmetical progression only?

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[1] The Principle of Population, i. 474–6.

[2] The Origin of Species, chap. iii.

[3] Pol. Econ., p. 30.

The justification of this will be found in the last words of the extract just given: *the globe would be covered*,[1] and that in fourteen years, by the increase of a single acre of this comparatively unprolific cereal. There are weeds, and even useful plants, whose rate of increase would allow them to overspread the earth in half that time. Mr. Malthus's theory assumes the earth generally occupied and cultivated, in its fertile parts at least. From this point on, all increase of vegetable food must be made against an increasing resistance, and hence can only be obtained through the expenditure of constantly-increasing force. After the condition of "diminishing returns" described in the preceding chapter has been reached, every addition to the crop is obtained at the cost of more than a proportional amount of labor. Thus the share of each laborer becomes smaller and still smaller, as, through the persistence[2] of the sexual instincts, population continues to increase. "The diminishing productiveness of the land, as compared with the undiminished power of human fecundity, forms the basis of the Malthusian theory."[3]

From my own analysis of the doctrine of Mr. Malthus, I

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[1] "Throughout the animal and vegetable kingdoms nature has scattered the *seeds of life* abroad with the most profuse and liberal hand, but has been comparatively sparing in the *room* and the *nourishment* necessary to rear them."—Malthus, The Principle of Population, i. 3.

"L'accroisement des moyens d'existence et l'accroisement du capital ont nécessairement des limites dans un espace de temps donné. Au contraire, l'accroisement de la population est pour ainsi dire illimité. . . . . Si donc, entre ces deux productions extrêmement inégales, la prévoyance humaine ne s'interpose, une calamité est imminente." —M. Chevalier, 7ème Discours, d'Overture du cours de l'année, 1846–7.

[2] "The same power that doubles the population of Kentucky, Illinois, and New South Wales every five-and-twenty years, exists everywhere, and is equally energetic in England, France, and Holland." —J. R. McCulloch, Pol. Econ. 226.

[3] Prof. Rickards, Population and Capital, p. 127.

should say he reached in succession three results: first, the *power* of population to increase faster than subsistence; secondly, the *tendency* of population so to increase—that is, he proved that the mere fact of passing into the stage of "diminishing returns" in production has of itself no necessary effect whatever to check propagation; thirdly, the *determination*, the strong and urgent disposition, of population so to increase, due to the power and persistence of the sexual instincts, under the force of which human reproduction will go forward in spite of the plain warnings of prudence, in spite of increasing discomfort, squalor, and hunger. "Moral restraint" might, Mr. Malthus admitted, intervene to stay the fatal progress; but this required too much virtue to be reasonably expected of large masses of people. Hence the limit to population must be looked for mainly in "vice" (a preventive check to population) or in "misery" (a positive check). Prostitution might enter in disparagement of marriage; fœticide and abortion might enter to diminish the average number of children to a marriage; such were the methods of vice in limiting population by diminishing births. On the other hand, misery—that is, privation and excessive exertion—by aggravating infant mortality and shortening the duration of mature life, has been found, and is likely through an indefinite future to be found, the chief agency in keeping down the numbers of mankind.

Of this last result it may be said that it was a not very extravagant generalization of the experiences of most of the countries of Europe to which Mr. Malthus, writing before the French Revolution had fully wrought its mighty work, could look to ascertain the comparative strength of the principle of increase and the restraints of prudence. He might—indeed he did—look away to a country beyond the ocean, where a popular tenure of the soil, popular education, and a popular control of government might be expected to bring out the virtues of self-respect and self-restraint; but here it chanced that the political and the indus-

trial interests of the people coincided in encouraging the most rapid development of population.

Such being the three successive but distinct results which make up Mr. Malthus's body of doctrine, it should be noted that they are not all of the same validity. The first result comes directly out of facts in the physical conditions of the earth and of man, which can not be impugned. The second, for all that is known of human physiology, would seem to be equally indisputable. Prof. Senior has, indeed, in terms, while admitting the power, denied the tendency; but I must think that his denial should be taken as extending not to the tendency, but to what I have called the determination, of population to increase unduly. It seems incredible that Prof. Senior should have intended to question that population tends to increase faster than subsistence, so long, at least, as subsistence remains adequate to physical well-being, for it must be remembered that the condition of diminishing returns may begin when the *per-capita* product is still ample to afford a liberal support to all. Now, a country may proceed a long time with diminishing returns, diminishing, it may be, very slowly, before squalor and hunger become the necessary concomitants of an increase of population. So that, considering a people on the verge of that condition, it is certainly safe to say that subsistence can not thereafter increase as fast as before, because the constitution of the soil forbids; while yet population may, for a longer or a shorter time, continue to increase as fast as before, since the reproductive capability[1] is undiminished and the sexual instinct remains as active and strong as ever. Hence, I believe Prof. Senior must have meant to deny this tendency only in the degree

[1] Indeed, the reproductive capability might even be increased during the first stages of diminishing returns. This would doubtless be so if the previous returns to labor had been so liberal as to encourage luxuriousness and some degree of effeminacy. In this case the first effects of diminished returns might be to induce a greater physical and nervous vigor.

of force and persistency which Mr. Malthus attributed to it.

It is then against Mr. Malthus's last result, namely, the determination, the strong and urgent disposition, of population to increase in spite of reason and prudence, and in spite of privation and squalor, that all valid criticism must be directed. Many of Mr. Malthus's opponents have considered that they have demolished Malthusianism when they have shown to their own satisfaction that the impulse to propagation is somewhat less strong, or that the motives and physiological tendencies which work against increase of population are somewhat stronger, than he represented them to be. Malthusianism, however, stands complete and inexpugnable on the demonstration of the power and the tendency of population to increase faster than subsistence. The gloomy forebodings of the amiable clergyman who promulgated the doctrine are not at all of its essence. Malthusianism would survive a demonstration, on the largest scale, of the power of prudence and social ambition to hold the impulses to propagation firmly in check.

CHAPTER VII.

NECESSARY WAGES.

The phrase "necessary wages" makes a considerable figure in economical literature. By it is intended a minimum below which, it is assumed, wages can not fall without reducing the supply of labor and thus inducing an opposite tendency, namely, to a rise in wages.[1]

It is not meant that the employer is bound, by either equitable or economical considerations, to pay the laborer, in the immediate instance, enough to support life in himself and family. The employer will, in general, pay only such wages as the anticipated value of the product will allow him to get back from the purchaser, with his own proper profits thereon. If, in a peculiar condition of industry, he consents for a time to give up his own profits, or even to produce at a sacrifice, it is with reference to his own interest in keeping his laboring force, or his customers, together, in the expectation that a turn in affairs will

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[1] "The cost of purchasing labor, like that of every thing else, must be paid by the purchasers. The race of laborers would become altogether extinct unless they were supplied with quantities of food and other articles sufficient for their support and that of their families. This is the lowest limit to which the rate of wages can be permanently reduced, and for this reason it has been called the natural or necessary rate of wages."—J. R. McCulloch, Pol. Econ., p. 385.

enable him to make himself good for the temporary loss. If he pays more than is consistent with this object, or if he pays any thing from any other view than his own interest, what he thus pays is not wages, but alms disguised as wages.

Such instances of temporary sacrifice are, however, exceptional. In the vast majority of cases the wages which employers pay their workmen are governed by the price at which they may fairly expect to sell the product; and this, whether the workmen and their families can live thereon or not. If now, in any country, at any time, laborers, from any cause, become in excess of the demand, necessary wages in that instance will not include a sufficiency of food and clothing for all these laborers, but only for those who are wanted.

Nor by necessary wages is it meant that workmen will not accept wages which are below the standard of subsistence. It is when men are receiving wages which give them a margin for the comforts of life, and perhaps something for luxury, that they say, sometimes in very wantonness, "If we can not have such and such wages, we will not work," and perchance refuse offers which are as liberal as their employers can make. But when wages approach the dread line where they cease to furnish a sufficiency of the coarsest food, laboring men do not talk so. In countries where there is no poor law, and where the claim to support is not admitted by the state, it is a thing unknown that a workman refuses wages because they will not keep himself and family alive. He takes them for what they are worth, applies them as far as they will go, and works on, perhaps with failing strength, eager to secure the perhaps failing employment. If it is in the city, and the sight of luxury maddens the crowd of laborers giddy with fasting, the dreadful cry of "Bread or blood" may be raised, and the last effort of strength be given to pillage and destruction. But the single laborer, acting out his own im-

pulses, takes the wages that are offered him never so surely as when those wages are close down upon the famine line.

If the least sum on which a man with a wife and five children can subsist, be seven shillings a week, and yet in hard times he is offered but six shillings for his labor, this does not mean that one victim is to be selected from the seven and set apart to starve, while the rest are fed. It means that all will try to live on the scantier supply. The famine line is not a line which it is easy to trace. Laboring men and women can live for single days on what they could not live upon during an entire week; they can live for a single week on what they could not live upon every week of the month; they can even live for months on what they could not live upon an entire year. They can live along for years on a half of what would be necessary to keep them in robust health and with strength to labor efficiently. With the aged and the young the capacity of enduring privation is almost indefinitely less. Yet even when each succumbs in his turn, the nursing child and the young man in his strength, the chances are that it is to some distinct form of disease, for which privation has prepared the way. Thus in Ireland, when the annual number of deaths rose from 77,754, the average of the three preceding years, to 122,889 in 1846, and 249,335 in 1847, it was from fever, and not from literal starvation, that the great mass of victims died.[1] So in India, in the famine of 1873-4, the number of deaths from starvation reported from districts embracing millions of inhabitants was in some instances but three, five, or ten, while yet the population had been greatly reduced by an extraordinary mortality from the recognized forms of ordinary disease. Dr. Hunter, in his Famine

[1] The number of deaths actually attributed, on inquest, to starvation, and so reported in the famous Irish census of 1851, was 2041 in 1846, 6058 in 1847, and 9395 during the two years following. (Report, Part V., vol. i., p. 253.)

Aspects of India, has strikingly drawn the lamentable picture of a people entering the famine state.

"At the outset of a famine the people fall back upon roots and various sorts of inferior green food. The children and the weaker members of the family die, and those who survive eke out a very insufficient quantity of rice by roots and wild plants. The wages which would not suffice to feed an average family of four are sufficient for the two or three members who survive. *The rural population enters a famine as a frigate goes into battle, cleared of all useless gear and inefficient members.*"

We have seen that by "necessary wages" is not meant that masters will not offer, or workmen receive, in the immediate instance, wages which are greatly and increasingly inadequate to the support of life. But more than this, it is not even meant that any wages at all are necessary unconditionally. The employing class may, from causes affecting the industry of a community or a country, itself slowly disappear. Many regions once most fair and flourishing have, as we know, been stricken with a paralysis of industry, leaving no small part of their inhabitants occupationless. In such a case not only can no particular scale of wages be said to be necessary, but no wages at all will be necessary; the population thus rendered surplus must remove if it can to new seats, or remaining, as is most likely, must pass rapidly away by the excess of deaths over births, induced by hardship and privation. Hence, if we will say that wages must be high enough to maintain the laboring class in condition to labor, and to keep their numbers good, we should bear in mind the condition on which this alone is true, namely, that the employing class is itself kept good.

The whole significance of the term necessary wages is that, in order to the supply of labor being maintained, wages must be paid which will not only enable the laboring class to subsist according to the standard of comfort and decency, or discomfort and indecency it may be, which

they set up for themselves as that below which they will not go, but will also dispose them to propagate[1] sufficiently to make up the inevitable, incessant loss of labor from death or disability. If the standard of living referred to above varies among several communities or countries, then the term "necessary wages" must be interpreted in each community or country according to the habitual standard there maintained.

It is, then, because something besides vice and misery do, in a degree, limit the increase of population, that the question of necessary wages becomes more than the question of the amount of the barest, baldest subsistence which will keep men alive and in condition for labor. And as, in fact, the standard of living varies with each community or country, the laboring population in no two making precisely the same requirements as the condition precedent to their keeping their numbers good, the term necessary wages must be understood in each country and separate community according to the habitual standard there maintained.

Necessary wages, as thus defined, may be very low. It is commonly said that the lowest point which can be reached is that at which enough food (taking that as the type of expenditure), of the coarsest and meanest kind, can

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[1] It will be seen that the wages of the laborer thus made necessary must include not only his own subsistence but that of those persons, not themselves productive laborers, whose maintenance is a means to the supply of labor in the immediate future. Thus the wages of the bread-winners must provide food and care for women in the weakness of childbearing, and for children in the years of infancy. Whether they shall also provide food and care for the aged in their decrepitude, and for the crippled and infirm, is determined by other considerations, to be noted further on. These, at least, are not essential to the supply of labor; and in barbarous countries not a few, the horrid custom of making away with those who are regarded as a hopeless burden shows that the support of such is not an element of necessary wages among those peoples.

be provided to sustain life and the ability to labor. But in truth necessary wages may be a great deal lower than that. It is found that, throughout countries comprising a large part of the human race, the wages given and taken not only provide subsistence so scanty and so little nourishing that the population become stunted and more or less deformed and ineffective in labor; but that even so, a large part of all who are born die in infancy and early childhood from the effects of privation. The horrible infant mortality of many districts is not accounted for solely by neglect of sanitary precautions, but is also largely due to the low diet of mothers and children.

But necessary wages may not only be so low as to require the death, under four years of age, of one half the persons born into the community: they may be so low as to require the phrase "to sustain life" to be very much qualified in respect to those who survive the period of childhood and attain the capacity to labor. In most countries, if we take civilized and semi-civilized together, no scale of wages is so necessary but that population will, in spite of an infant mortality aggravated almost to the proportions of a general massacre, increase to the point of docking one quarter, one third, or one half from the natural term of the industrial force, for all those who come to man's estate. By this I mean that, if adequate and wholesome food, with simply decent and healthful conditions of life, would, with no regeneration of society or perfection of individual manhood, or even so much as the sanitary reformation of cities and dwellings, allow to persons attaining the age of 20 years a further term, upon the average, of 40 years, population is still capable of increasing, in spite of the principle of necessary wages, until food, clothing, and firing are so reduced, and dwellings become so crowded, that, instead of 40 years, an average term no longer than 30, or even 20 years, is allowed to those who attain manhood. Surely the phrase to "sustain life" needs to be qualified in such

cases, where life is, in fact, from want of food and ordinary comforts, sustained through but a fraction of its otherwise natural term.

We have thus reduced the scope of the principle of necessary wages by showing, first, that no wages at all are necessary unless some one sees it for his own interest to employ labor, and, secondly, that when wages are paid, it is not necessary that they should be sufficient to support more than two thirds or one half of the persons born into the world, or, in the case of those actually surviving to the age of labor, to "sustain life" through more than one half or three fourths of the natural term of labor.

But there is nevertheless a truth in the doctrine of necessary wages. There is a point below which if, in any community, wages go, the supply of labor will not be kept up; and hence if employers will have labor, they must pay for it up to this point.

But it is not in every community, it is not in most communities, perhaps it is not in any community, so long as employment is offered at all, that the minimum of wages is fixed by the barest physical conditions of keeping up the supply of labor. Powerful as is the sexual passion,[1] it has not unresisted sway. Somewhere above the point we have indicated—it may be far above, it may be but a little way above this—men will cease bringing children into the world. They may—in many countries they do—increase to such an extent as to involve the frightful infant mortality we have noticed, and to reduce the term of adult life to very narrow limits. But they will not sink to prove the last possibilities of the case; they stop short of the bald, brutal demonstration of the inability to keep up the supply of labor upon scantier food, fire, and raiment; and stopping here, they do

[1] "Happily there is but one passion of the same nature; for if there were two there would not be a single man left in the universe who would be able to follow the truth."—An Eastern writer.

in fact give themselves some little margin of living. The Chinaman buys his precious drug; the East Indian gives months of every year to the service of his goggle-eyed divinity.

In Persia, Turkey, and other States of the East imperative custom requires the most lavish outlay in the period immediately before marriage, for which preparation or reparation has to be made during preceding or succeeding years of labor. "A man," writes Mr. Consul Taylor from Koordistan,[1] "one would not suppose to possess a penny, not unfrequently spends £30, raised on loan from his employer, that is dissipated during the seven days of riotous living preceding the ceremony."

Here, then, we have the actual as distinguished from the theoretical minimum; in other words, the "necessary wages," the wages that must be paid to keep the supply of labor good, if, indeed, it is to be kept good; for that, we have seen, is not a necessity. All the way up from this low plane, through the scale of nations, we find points established which mark the minimum of wages for one community or another, those wages, namely, on which that community will consent to keep its numbers good. Such wages thus become the necessary wages for that community, necessary only in the sense that the habits of living among the people will not permit reproduction sufficient to repair the natural waste of labor, on any lower terms, with any thing less of the "necessaries, comforts, and luxuries" of life.

Now, since among most peoples food is the main object[2]

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[1] Report on the Condition of the Industrial Classes, 1871, p. 800, cf. 721. In Koordistan the annual earnings of the artisan appear to range from £12 to £18.

[2] The eminent statistician, Dr. Engel, of Berlin, has given the following comparative statement as showing the average relative expenditure in Prussia of families of three classes, ranging from those of well-to-do artisans to those of persons in easy circumstances:

upon which wages are expended, economists have been very much in the way of grading the "necessary wages" of nations according to their habits respecting food, the princi-

Items of Expenditure.	Percentage of the Expenditure of the Family of		
	1. A working man, with income of $225 to $300 a year.	2. A man of the intermediate class, with income of $450 to $600 a year.	3. A person in easy circumstances, with income of $750 to $1125 a year.
	Per cent.	Per cent.	Per cent.
1. Food	62	55	50
2. Clothing	16	18	18
3. Lodging	12	12	13
4. Firing and Lighting	5	5	5
	95	90	85
5. Education, Worship, etc.	2	3.5	5.5
6. Legal protection	1	2	3
7. Care of health	1	2	3
8. Comfort and Recreation	1	1.5	3.5
	100	100	100

From this table Dr. Engel deduces the following proposition: While the proportion of the total outlay upon food increases as the family becomes poorer, the percentage of outlay for clothing is approximately, and that for lodging is invariably, the same in the three classes taken for consideration. Dr. Engel seems disposed to regard this very much as a law of expenditure. I am disposed to believe, however, that the apparent conformity has been reached by merging urban and rural communities which if considered separately would show very wide differences of expenditure on the several objects indicated; and, secondly, that the extension of the inquiry to other latitudes and other social conditions would develop great diversity in these respects. The Baron Riesbeck in his Travels in Germany (Pinkerton, vi. 147, 173), in 1780, notes the very marked differences existing between Southern and Northern Germany as to the scale of expenditure on dress. The lower orders among the Turks probably expend more of their earnings relatively upon dress than the higher classes. The same may probably be assumed respecting the ordinary Danish workman, who insists on passing himself off as a gentleman on Sundays. Again, the scale of expenditure on lodging varies greatly according to social conditions. In England, Mr. Clifford says, "the agricultural laborer seldom pays, even for a good cottage, more than $\frac{1}{10}$ of his income, and more commonly $\frac{1}{12}$. The town laborer receiving 18 or 20

paid article in the diet of each being taken as indicating the wages which must there be paid to keep the supply of labor good. Thus it is said the Chinese will breed up to the point where a sufficiency of food of the meanest kind, even including much of what we call vermin, can be obtained to rear a constantly-increasing number of laborers of small stature and low vitality. The East Indians, again, are satisfied with rice;[1] and population in that country, accordingly, will increase on that diet, even in the face of the certainty of a famine on an average once in four or five years.[2] The Irish, again, are satisfied with a potato diet,[3] and will increase up to the limits of subsistence on that food,[4] though at the constantly-imminent risk of a scarcity from the failure of that most uncertain crop. The Scotch,

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shillings weekly will certainly not pay less than ⅛; the artisan receiving 30, 35 shillings or £2 will pay ⅙ and, including rates and taxes, probably ⅕.—Agricultural Lock-out of 1874, p. 246.

In France, Lord Brabazon reports: "Whilst at about the same period town workmen were earning wages 53.32 per cent higher than agricultural laborers, these latter were paying 40.45 per cent less rent."—Report on the Condition of the Industrial Classes, 1872, p. 49.

The well-known passion of the Netherlander for having a whole house, however small, to himself, must, I think, result in a larger proportional expenditure in this direction by common laborers than by the higher classes. I note also that Dr. Engel's computations do not agree very well with those given by Mr. Scott respecting the expenditures of families in Würtemburg. (Report on the Condition of the Industrial Classes, 1872, pp. 196, 197, 205.)

[1] Mr. Brassey says of the Coolie laborers employed on the railways in India: "Their food consists of two pounds of rice a day, mixed with a little curry; and the cost of living on this, their usual diet, is only 1*s.* a week."—Work and Wages, p. 88.

[2] "No fewer than four great scarcities, amounting almost to famines," since the mutiny, namely, 1861–2, 1865–6, 1868–9, 1873–4.—The Duke of Argyle, quoted by London Economist, May 9, 1874.

[3] "A laborer in Ireland will live and bring up a family on potatoes; a laborer in England will see the world unpeopled first."—General T. Perronet Thompson.

[4] "Three times the number of persons can be fed on an acre of potatoes who can be maintained on an acre of wheat in ordinary seasons."—Alison's History of Europe, 1815–51, xviii., p. 11.

again, pitch their minimum of wages at an oaten diet; the Germans, at a diet of black bread; while the English insist, at the very lowest, upon wheaten bread, though unfortunately not so rigidly and persistently but that a considerable unnecessary mortality at the extremes of life, and a lowering of the vital force among large portions of the actual workers, take place.[1]

It will be seen that, according to this doctrine, the necessary wages of every country are fixed by the habits of living among the people, and that at any given time there is a point below which wages can not go without diminishing the supply of labor. This point may change from one period to another. A people broken down by industrial misfortune or crowded by too rapid propagation may temporarily be driven to a lower and meaner diet; and instead of resenting this by withholding their increase, and thereby opening the way, or at least holding the way open, to a return to better times and circumstances, may accept the degradation to which they are thus violently brought; may lay aside that self-respect and self-control which had hitherto kept them from sinking in the social scale, and consent to bring children into the world to share their own miserable lot. Thus, in a single generation, a new scale of wages may be determined, and population adjust itself accordingly. Instances of such lowering of the necessary wages of a people are unfortunately not uncommon.

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[1] Prof. Cairnes makes a remark in his Logical Method of Pol. Econ. which is liable to be misunderstood. He says: "It is not asserted that population *in fact* increases faster than subsistence; this would, of course, be physically impossible." In one sense of the word increase, that, namely, which the vital statisticians intend by the phrase "effective increase," Prof. Cairnes's remark is unexceptionable; but there is nothing to prevent persons from being born into the world in large numbers, for whom there is not food enough to keep them alive, and who must consequently die prematurely. Most people would say that in such cases "population in fact increases faster than subsistence." Population, of course, can not increase and *remain* beyond the limits of subsistence.

On the other hand, a people accustomed to a low and mean diet, and to circumstances of filth and squalor, may, under impulses moral or economical, which it is not necessary to recite, raise themselves to a new standard of living,[1] involving a new scale of wages, which thereafter become necessary to them, and which determine population accordingly.

Such a change, involving the substitution of the best wheaten bread for that of an inferior quality,[2] passed upon the masses of the English people between 1715 and 1765. Food wages rose, yet, as population did not increase correspondingly in consequence, there was a "decided elevation in the standard of their comforts and conveniences." Such a change has, by the testimony of observers who can not be doubted, been passing over Ireland since 1850; and the temporary relief from excessive population afforded by famine and forced emigration has, under the impulse of that terrific suffering, been taken advantage of to reach a somewhat higher standard of living.[3] A similar change, for which an easy opportunity is offered in the rapid increase of production, through the discovery of new resources in nature, and new arts and appliances in industry, is, I am fain to believe, passing upon not a few of the people of Europe who are taking advantage of the liberality of art and nature, not to increase their numbers to the limit of their former modes of life, but to snatch something, at least, as a store for the future, and something for greater decency and comfort in the present.

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[1] "The habits of the English and Scotch laborers of the present day are as widely different from those of their ancestors in the reigns of Elizabeth, James I., and Charles I. as they now are from the habits of the laborers of France and Spain."—J. R. McCulloch, Pol. Econ., p. 392.

[2] Malthus, Pol. Econ., p. 229.

[3] Note, for instance, the very general introduction of cornmeal in place, in part, of the potato. (See Mr. Purdy's paper in the Statistical Journal, xxv. 459–60.)

It is in this view of the relation of food to the increase of population, that economists have very generally been agreed in pronouncing cheap food a source of much evil to any people that adopts it. This doctrine can not be better stated than in the language of Prof. Rogers:

"A community which subsists habitually on dear food is in a position of peculiar advantage when compared with another which lives on cheap food; one, for instance, which lives on wheat as contrasted with another which lives on rice or potatoes; and this quite apart from the prudence or incautiousness of the people. Two instances will illustrate this rule. The Irish famine of 1846 was due to the sudden disease which affected the potato. It was equally severe in the northern parts of Scotland, and particularly in the Western Highlands; its effects, as we all know, were terrible; but the same disease affected the same plant in England. That, however, which was distress to the English was death to the Irish and the Highlanders; they had nothing else to resort to,[1] they subsisted on the cheapest food. Now, were such a calamity as the potato-disease to attack wheat in England, formidable as the consequences would be, they would not be destructive."[2]

Now, I dare say Prof. Rogers would be very slow to ap-

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[1] "When the standard of natural or necessary wages is high—when wheat and beef, for example, form the principal part of the food of the laborer, and porter and beer the principal part of his drink, he can bear to retrench in a period of scarcity. Such a man has room to fall; he can resort to cheaper sorts of food—to barley, oats, rice, and potatoes. But he who is habitually fed on the cheapest food has nothing to resort to when deprived of it. Laborers placed in this situation are absolutely cut off from every resource. You may take from an Englishman, but you can not take from an Irishman. The latter is already so low he can fall no lower; he is placed on the very verge of existence; his wages, being regulated by the price of potatoes, will not buy wheat, or barley, or oats; and whenever, therefore, the supply of potatoes fails, it is next to impossible that he should escape falling a sacrifice to famine."—J. R. McCulloch, Pol. Econ., p. 396.

[2] Pol. Econ., pp. 70, 71.

prove the theory of the British Legislature in seeking, as late as 1774, to discourage the use of cotton goods, and to restrict the people to the costlier fabrics of linen, silk, and wool. Yet why should not dear clothing be desired as an element in high necessary wages, as much as dear food? If necessary wages, called 100, be made up of dear food, 90, and cheap clothing, 10, is it not the same, in the result, as if the constituents were cheap food, 80, and dear clothing, 20? And, if famine comes, does not the possibility of going down from dear clothing to cheap clothing, from woollen,[1] say, to cotton, or from flax[2] to cotton, afford a margin, just as truly as the substitution of cheap for dear food? If so, how does this laudation of dear food for the people consist with the laudation of the machinery which cheapens the clothing of the people? Yet economists who will not admit the wholesale supersedure of human labor by cotton and woollen machinery in the early part of this century, and the consequent throwing out of employment of vast numbers of men and women to sink into pauperism and squalor, to be even a qualification of the advantages of introducing machinery to cheapen clothing, are unhesitating in their denunciation of cheap food.

It appears to me that cheap food, just like cheap clothing, ought to be, and but for the folly and wickedness of men would be, a blessing to the race; that, to any free, industrious, and self-respecting people, to-day, every cheap-

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[1] One pound of wool manufactured into flannel costs 3*s.* 1*d.*; 1 lb. flax into shirting, 2*s.* 4*d.*; 1 lb. cotton into shirting, 1*s.* The materials for a full dress of outer garments if composed of wool would not cost less than thirty shillings; while the same quantity of material of cotton, and of more durable quality, costs only 7*s.* 6*d.* to 10*s.* (Mr. Ashworth, quoted by Prof. Levi, Statistical Journal, xxvi. 36.)

[2] One hundred pounds of flax will produce about 200 yards of white cloth. One hundred pounds cotton, 300 yards of pretty equal general appearance, taking a medium set of light cloth as an example. (Mr. John Mulholland, Soc. Sc. Trans., 1867, p. 151.)

ening of food is, without any qualification, an advantage; that the use of oat and corn meal, and even of the dreaded and despised potato, has been a help, a most important help, to many struggling communities, and may be, in the same degree, to-day to any community where the land is not locked up in feudal tenures, where industry is unconstrained, where class legislation has not put labor at disadvantage, and the native desires and aspirations of man are allowed fair play. Did the substitution of "rye and Indian" for the dearer wheat tend to degrade the people of New-England? The question is grotesque in its absurdity. It left the more wealth and labor to be applied to higher uses than filling the belly. It allowed just so much the more to be done in the way of making decent and comfortable homes; of erecting churches and school-houses, and supporting the offices of religious and secular instruction; of clearing the ground, opening roads, and building bridges; of making ample provision for old age, for the endowment of dependent members of the family, and for the equipment of the young for their struggle, in their turn, with nature and with men. It allowed the child to go to school, not grudging the wages he might earn by starving his mind.[1] It allowed the wife and the daughter to keep the house, making possible that sterling sense of decency which has been the savor of New-England life. That is what the substitution of cheaper food did for early New-England, and what it might do and would do among any people taught to fear God and not man, accustomed to decent belongings, and cherishing generous aspirations.

Has the use of the potato by the Irish in America, so far

[1] No small sacrifice for poor folks. Mr. Gould in his very interesting Report on the Condition of the Industrial Classes of Switzerland, in 1872, estimates the average loss to working families from requiring the school attendance of children above twelve years of age to be £10 to £12 *per annum*, for each child so withdrawn from labor (p. 349). Such expenses, when made "necessary," are a deal better than dear food.

as it has been used—and it has been used very freely—been in any sense or in any degree an injury to them? Far otherwise: it has enabled them to acquire their little homesteads[1] the more rapidly; it has enabled them to put tea, coffee, and sugar on their table; to clothe their wives decently on week days and handsomely on the Sabbath; to give their children their time at school, and send them there with shoes and stockings[2] on their feet that they may not be ashamed before the American children. Such has been the influence of the potato on the fortunes of the Irish in the United States; and there is no reason, aside from the oppression, spoliation, and proscription practised for many generations by the English in Ireland, why the same cause should not have produced the same effect there. Justice and equal rights have made the Irish industrious and provident; and in such a condition any lowering of the cost of subsistence is a distinct, unqualified advantage. In America the Irish, no matter how newly arrived, have shown a passionate eagerness to acquire homesteads, for

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[1] I have before me the tax and valuation lists of a township in Massachusetts containing a smart manufacturing village. The total population of the township was about 3300. The Irish males above 18 years of age numbered 229. Of these, 128 paid taxes upon property. The total amount of estate owned by these 128 Irishmen, *exclusive of all money in savings-banks* (the deposits of these institutions being taxed *en masse* by the State without distinction of ownership), was $163,560, being an average to each holder of $1278.

[2] "Custom has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them. In Scotland custom has rendered them a necessary of life to the lowest order of men, but not to the same order of women, who may, without any discredit, walk about barefooted. In France they are necessaries neither to men nor to women, the lowest rank of both sexes appearing there publicly, without any discredit, sometimes in wooden shoes, and sometimes barefooted."—Adam Smith, Wealth of Nations, ii. 467.

Mr. Senior says of shoes: "When a Scotchman rises from the lowest to the middling classes of society, they become to him necessaries. *He wears them to preserve, not his feet, but his station in life.*"—Pol. Econ., pp. 36, 37.

which they will labor and for which they will deny themselves. Cheap food here has helped them to accomplish this object more easily and quickly. Cheap food in Ireland did not tend in the same direction, but the rather allowed and excited a dangerous increase of population: and this for reasons which the public conscience of England has long recognized.

All this potato-philosophy is based upon the assumption that, excepting small expenditures for clothing and shelter,[1] nothing can be made indispensable or "necessary" to the workingman except his food; and that his food will consist practically of a single staple article, the cost of which will govern his whole expenditure; and hence, if that staple article be cheapened, the consequences predicted by Prof. Rogers will, in the persistence of the sexual instincts, inevitably ensue. But we in the United States know very well, first, that a cheap staple article of food may be compatible with a lavish expenditure on garnishes, fruits, condiments, relishes, and drinks;[2] and, secondly, that a great many things may be made indispensable to the working classes beyond their food; that, moreover, the higher the industrial desires rise, the more tenacious and persistent they are; that tastes, when once inspired, are not only more costly than appetites, but are far stronger;[3]

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[1] "The worst-paid class in England, the agricultural laborers, expend about two thirds of their revenues in food and one third in other objects."—Jones, Pol. Econ., p. 99.

Mr. Mill makes this strange remark respecting "the workpeople," having, presumably, those of England in mind: "They are not the principal customers, *if customers at all*, of most branches of manufacture." It would puzzle one to tell of what branches of manufacture the workpeople of the United States are not customers.

[2] Wheat-flour is very cheap in the United States, corn and oat meal relatively much cheaper. The cost of these articles can scarcely be said to govern the expenditure of an American family. Many a mechanic spends as much for milk, butter, and eggs as he does for flour and meal.

[3] "The great preventive check is the fear of losing decencies."—Senior, Pol. Econ., p. 38.

that the industrial desires are constantly multiplying and intensifying among a people where political freedom and social ambition exist, such desires extending themselves rapidly even among new comers or persons just released from thraldom; that decent and comfortable homes, with yards and gardens, schoolhouses and churches, may become just as "necessary" in such a community as food and drink; that parents in such a community will gladly deny themselves the wages their children might earn, in order to send them to school, and the husband gladly deny himself the wages his wife might earn, in order that she may "keep the house."[1] When such desires and aspirations are once enkindled, any cheapening of the food of the people merely releases just so much wealth to be bestowed on other and higher objects.

Let me not be understood as objecting to the proposition that the use of the potato by any people as the sole article of food is injurious and dangerous, but only as taking exception to the reason assigned therefor. It is because this crop is a most precarious one, and because the potato, while forming an admirable element in a diversified diet, is not

[1] The proportion of breadwinners to dependants will of course vary greatly with the habits and dispositions of the people in the respects mentioned in the text.

The results of Cantillon's computations are thus stated by Adam Smith: "Mr. Cantillon seems to suppose that the lowest species of common laborers must everywhere earn at least double their own maintenance in order that, one with another, they may be enabled to bring up two children; the labor of the wife, on account of her necessary attendance on the children, being supposed no more than sufficient to provide for herself. But one half the children born, it is computed, die before the age of manhood. The poorest laborers, therefore, according to this account, must, one with another, attempt to rear at least four children in order that two may have an equal chance of living to that age. But the necessary maintenance of four children, it is supposed, may be nearly equal to that of one man."—Pol. Econ. i. 71. The rudeness of these computations appears on the face. In Belgium, in 1856, 49.3 per cent of the population were reported as pursuing gainful occupations; in the United States, in 1870, only 32.4 per cent; in England and Wales, in 1871, 51 per cent; in Scotland, 43.7 per cent.

fitted physiologically to be the sole nutriment of human beings, that its exclusive use is undesirable. So far as it is to be used, its cheapness is a recommendation; and if all other articles of food used with it could be cheapened to its level, it would be so much the better in any community where laws are free and education general. Given these, the native desires and aspirations of men will find objects enough[1] on which to expend the labor which is released from the slavery of ministering to the merely animal necessities of the body. I say "slavery," for that labor is only truly free which is exercised as the result of a choice. So far as a man is driven by brutal hunger to work he differs not much from a slave; when he works because he chooses exertion rather than privation of things agreeable and honorable, his labor is that of the free man.

[1] Contrast the Swiss and the Russian. Consul Egerton reports that an incentive to labor is the great *desideratum* in Russia. "In the truly agricultural districts the peasant, earning enough for his wants during the summer months, remains idle throughout the winter."—Report of 1873 (Textile Factories), p. 92, *note*. So much for a land where the people are universally ignorant, and are despotically governed. In Switzerland, to the contrary, Mr. Gould reports, "Men who during the short tourist season frequently earn as guides, porters, etc., enough to keep themselves and their families in comfort during the remainder of the year, may nevertheless be seen in winter willingly exposing themselves to the severest hardships for the small sum of a franc or two a day."—Report on the Condition of the Industrial Classes, 1872, p. 346.

CHAPTER VIII.

THE WAGES OF THE LABORER ARE PAID OUT OF THE PRODUCT OF HIS INDUSTRY.[1]

A POPULAR theory of wages, of which we shall have hereafter to speak, is based upon the assumption that wages are paid out of capital, the saved results of the industry of the past. Hence, it is argued, capital must furnish the measure of wages. On the contrary, I hold that wages are, in a philosophical view of the subject, paid out of the product of present industry, and hence that production furnishes the true measure of wages. The difference may be found to be an important one; and I will therefore state the grounds of my belief.

An employer pays wages to purchase labor, not to expend a fund of which he may be in possession. He purchases labor not because he desires to keep it employed, but as a means to the production of wealth. He produces wealth not for the sake of producing it, but with a view to a profit to himself, individually, in that production. Doubtless there is a satisfaction in conferring benefits on the dependent, a pride in directing great operations, an enthusiasm of work, which make up a part of the compensation of many employers; but it is evident that these can not be relied upon to any great extent as motives to the systematic

[1] The substance of this and the following chapter appeared in the North American Review for January, 1875; art., *The Wage-Fund Theory.*

and sustained production of wealth through wage-labor. Individual profit is, and must remain, the great reason for production. If a person have wealth, that of itself constitutes no reason at all to him why he should expend any portion of it on labor, on machinery, or on materials. It is only as he sees that he can increase that wealth through production that the impulse to employ it in those directions is felt. But for the profits by which he hopes thus to increase his store, it would be alike easier and safer for him to keep his wealth at rest than to put it in motion for the benefit of others.

It is true that an employer may for a time produce without profits, or even at a loss; but this will be for the sake of holding together his working force, or his body of customers, in the hope of better times when he can make himself good for present hardship, or because he has formed contracts or engagements which law or business-honor compel him to fill at any sacrifice. These cases do not constitute a substantial exception to the principle that the motive to the purchase of labor is found in the profits of production.

But again it is evident that an employer will be disposed to produce, within the limits of the agencies at his command, all that he can produce at a profit to himself. So long as additional profits are to be made by the employment of additional labor, so long a sufficient reason for production exists; when profit is no longer expected, the reason for production ceases. At this point the mere fact that the employer has capital at his command no more constitutes a reason why he should use it in production when he can get no profits, than the fact that the laborer has legs and arms constitutes a reason why he should work when he can get no wages.

We repeat, the employer purchases labor with a view to the product of the labor; and the kind and amount of that product determine what wages he can afford to pay. He must, in the long run, pay less than that product, less by a

sum which is to constitute his own profits. If that product is to be greater, he can afford to pay more; if it is to be smaller, he must, for his own interest, pay less. It is, then, for the sake of future production that the laborers are employed, not at all because the employer has possession of a fund which he must disburse; and it is the value of the product, such as it is likely to prove, which determines the amount of the wages that can be paid, not at all the amount of wealth which the employer has in possession or can command. Thus it is production, not capital, which furnishes the motive for employment and the measure of wages.

But it may be said, we grant that wages are really paid out of the product of current industry, and that capital only affects wages as it first affects production, so that wages stand related to product in the first degree and to capital in the second degree only; still, does not production bear a certain and necessary ratio to capital? and hence may not the measure of wages be derived from capital virtually—though not, it is true, directly—through its determination of the product? By no means. It would be easy to adduce many successive reasons why capital bears no certain or constant ratio to production, but two will abundantly serve our turn.

(*a*) The ratio which capital bears to the product of industry varies, all other things remaining equal, with the scantiness or abundance of natural agents. One hundred laborers having the use of a capital which we will represent by $10x$ may not, in one set of circumstances, be able to produce anywhere near twice as much as 50 laborers using the same amount of capital; or, under a different set of circumstances, they may be able to produce far more than twice as much. With unlimited natural agents, as in new countries like America and Australia, the 100 may, through the minuter subdivision of labor and the more effective co-operation which their numbers allow, produce twice as much as 50 with a capital of $12x$, or as 60 with a capital

of $10x$. On the other hand, with limited natural agents, after the condition of "diminishing returns" has been reached, the 100 may be able to produce only twice as much as 50 with a capital of $8x$, or as 40 with a capital of $10x$.

(*b*) The differences in the ratio between capital and the product of industry which are caused by the economical quality of a people, their intelligence, sobriety, and thrift, their capacity for self-direction and industrial organization, their manual dexterity and mechanical aptitude, are greater even than those due to the bounty of nature. Given machinery, raw materials, and a year's subsistence for 1000 laborers, does it make no difference with the annual product whether those laborers are Englishmen or East-Indians? Certainly if only one quarter part of what has been adduced under the head of the efficiency of labor be valid, the differences in the product of industry arising out of differences in the industrial quality of distinct communities of laborers are so great as to prohibit us from making use of capital to determine the amount that can be expended in any year or series of years in the purchase of labor.

I have no wish to disparage the importance of the service rendered in production by capital, the saved results of the industry of the past; but I firmly deny that it furnishes the measure of wages.

But while wages must in any philosophical view of the subject be regarded as *paid* out of the product of current industry, wages are, to a very considerable degree, in all communities, *advanced*[1] out of capital, and this from the very necessity of the case; while in those countries which have accumulated large stores of wealth, wages are, in fact, very generally, if not universally, so advanced, equally for

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[1] "Elle doit être avancée par le capitaliste et le retrouver, par conséquent, dans la valeur du produit obtenu."—A. E. Cherbuliez, Précis de la Science Économique, i. 415.

the convenience of employers and of the employed. Yet even where the entire amount of the weekly or monthly pay-roll is taken out of a store of wealth previously gathered and husbanded, it is not capital out of which wages are borrowed, but production out of which they are finally paid, to which we must look to find their true measure.[1]

I have said that in all communities wages are, by the very necessity of the case, advanced to a considerable extent out of capital. It is only in a few industries, mainly of the class termed "extractive," and in these only when pursued under circumstances peculiarly favorable, that the laborer can eat of the product of his labor for the day. The fisherman, indeed, or the hunter may live from hand to mouth, catching and killing as he eats, though always at the imminent risk of privation and even of starvation. But the tiller of the soil must abide in faith of a harvest, through months of ploughing, sowing, and cultivating; and his industry is only possible as food has been stored up from the crop of the previous year. The mechanical laborer is also removed by a longer or a shorter distance from the fruition of his labor. So that almost universally, it may be said, the laborer as he works is fed out of a store gathered by previous toil, and saved by the self-denial of the possessor. The extent of this provision, thus made the primary condition of industry, may be rudely measured by the interval between harvests. And this provision is one which is not made without great sacrifice, even in the most advanced stages of industry. Vast and varied as is the accumulated

[1] Mr. F. D. Longe, in his Refutation of the Wage-Fund Theory, insists on this distinction. Of the wealth or capital used "for the maintenance of laborers while employed in producing new goods or wealth," he says, it "may come either from their (the laborers') own resources or those of their employers, or be borrowed from bankers or elsewhere." Of the wealth "to be used for the purchase of their work," he says, it "may consist of funds belonging to the consumer or of funds belonging to the employer, or both, or may even be taken out of the very goods which the laborers produce, or their money value."

wealth of the most highly-civilized communities, the store of food which must be kept on hand to meet the necessities of the year's subsistence constitutes no insignificant part of the aggregate value; while among nations which comprise, probably, two thirds of the human race, so severe is the struggle with nature, so hard are the conditions of life, so many its enemies, that, after all the painful accumulations of centuries, spring remains as it was in the days of Alkman, "the season of short fare," when the progress of the growing crop is eagerly watched, not with eyes greedy of gain, but with eyes hollow from hunger.[1]

To the extent of a year's subsistence, then, it is necessary that some one should stand ready to make advances to the wage-laborer out of the products of past industry. All sums so advanced come out of capital; but it is important to note that it need not be the capital of the employer. The laborer himself may be a capitalist to this extent. Where the reward of industry is as liberal as it is in America and Australia, there is no reason why a laborer should not save enough out of three or five years' wages to be a year beforehand, and thus, so far as the employer is concerned, that man's labor be thereafter freed from this condition of provisional maintenance. Moreover, even where the laborers' dependence on the employer for the year's subsistence is entire, it should be clearly noted (for it has been strangely overlooked,[2] with most unfortunate results in the

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[1] "There is in Ireland," says Alison, "what is called the 'starving season,' which is about six weeks before the 'new harvest.'"—Hist. Europe, xxi. 204.

[2] "A very little consideration will render it evident that laborers whilst engaged in any particular industry can not live upon the commodity which their labor is assisting to produce. The ploughman who tills the soil from which in the following autumn the harvest will be gathered, is *fed* with the wealth which *his master* has saved; or, *in other words*, the master pays his laborer's *wages* from the wealth which he has previously saved."—Prof. Fawcett, Political Economy, p. 19.

Here we find asserted or assumed, (1) the necessity of the laborer for

popular theory of wages) that this by no means involves the payment of his entire wages in advance of the harvesting of the crop or the marketing of the goods. There is nothing in the need the laborer has of provisional maintenance which defeats his claim to a payment, over and above the mere cost of his subsistence, out of the product when completed. It may be that poor Piers, the ploughman, must, as Professor Fawcett says, depend daily until harvest upon the squire for bread out of the crop of the last year; but surely that constitutes no reason why Piers should not at harvest receive some sheaves as his own. And in the case of all laborers of a higher class, whose wages may be perhaps twice or three times the cost of their bare subsistence, it is evident that, in countries where capital is scarce, the advances which are likely to be made to them during the year will leave a very considerable portion of the wages to be taken out of the product at the close of the year.

But how largely, in fact, are wages advanced out of capital? In old countries, to a very great extent certainly. Yet even in these there is but a small proportion of cases where wages are paid oftener than once a week—that is, where the laborer does not trust his employer with six days' work. And in some exceptional industries it happens that the employer realizes on his product[1] in a shorter

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maintenance while the crop is growing; (2) his entire dependence on the employer for that maintenance; (3) the natural equivalency of subsistence and wages.

[1] I may mention, in illustration, the case of transportation companies, owning railroads, canals, steamboats, or coaches. The employees of such companies in the United States number hundreds of thousands, and they are rarely paid by the day, commonly by the week or month. Yet the companies collect all their fares for passage and a portion of their charges for freight, daily. They are thus always in debt, often to a vast amount, to their laborers (using that term in its generic sense) for services which have been rendered to them, and of which they have availed themselves to the full extent. So that the

time than this, so that the laborer is not only paid out of the product of his industry, but actually advances to the employer a portion of the capital on which he operates. Quite as common, probably, even yet in countries which we may call old, as weekly payments are monthly payments; and here the probability that the laborer may receive his wages out of the price of this marketed product increases with the quadrupled time given the employer to dispose of it. Yet even here the cases are doubtless exceptional where the employer does not have to "stand out," for a longer or a shorter time, of the amount which he pays in wages, though always, be it remembered, in the expectation of a reimbursement out of the product when marketed, the anticipated price of the product determining the amount which he can safely thus advance.

In new countries, by which we mean those to which men have gone with the industrial ideas and ambitions of older communities, but with an amount of capital which, from the necessity of the case, is more or less inadequate to the undertakings for which their skill and labor qualify them, the wages of labor are paid only partially out of capital. The history of our own country so amply illustrates this statement that we need not go elsewhere for examples. From the first settlement of the colonies down to the discovery of gold in California, laborers, whether in agriculture or in manufactures, were, as a rule, hired by the year, and paid at the end of the year. Bare subsistence might be furnished by the employer meanwhile; small amounts of money might be advanced "for accommodation;" the laborer's tax bill or doctor's bill might be settled by the employer; but these payments were not to such an extent (except in case of protracted sickness or sudden misfortune) but that the employer was always in debt to his laborer.

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companies are virtually carrying on their operations on capital a portion of which is advanced by their own employees. Many other examples might be given.

I have before me a considerable collection of accounts taken from the books of farmers in different sections as late as 1851. These show the hands charged with advances of the most miscellaneous character. There are charges for grain and salted meats from the product of the previous year, for cash for minor personal expenses, for bootmaker's bills, grocer's bills, apothecary's bills, doctor's bills, and even town-tax bills, settled by the employer, for the use of teams for hauling wood for the laborer, or breaking up his garden in the spring. Yet in general the amount of such advances does not exceed one third, and it rarely reaches one half, of the stipulated wages of the year. Now it is idle to speak of wages thus paid as coming out of capital. At the time these contracts were made the wealth which was to pay these wages was not in existence. At the time these services were rendered, that wealth was not in existence. It came into existence only as the result of those contracts and the rendering of those services.

Not less distinctly did this system of paying wages prevail in the department of manufacturing industry during the same period. Extensive inquiries have satisfied me that manufacturers in New-England did not generally leave off paying their workmen by the year until after 1854 or 1855. Some of the more successful were able to make the change to quarterly or monthly payments as early as 1851. A gentleman conducting one of the largest, oldest, and most successful manufacturing establishments in Massachusetts informs me that, up to the earliest of the dates mentioned, his firm paid their workmen yearly; and any hand requiring an advance of wages on work done was *charged interest* at current rates to the end of the year.

Now in this there was nothing unjust or ungenerous. Such an arrangement was the very condition on which alone the industry could be prosecuted, on which alone employment could be given. Capital was scarce, because the country was comparatively new; and if wages had been

measured by capital, wages must have been low; but at the same time production was large,[1] because natural agents were copious and efficient, and labor was intelligent and skilful, and as it is production, not capital, which affords the measure of wages, wages were high; but the workmen had to wait for them till the crop was harvested or the goods sold. And this they gladly did, and never for an instant suspected they were being paid out of capital; indeed, they knew better, for they had seen growing under their hands that in which they were finally paid. In the Middle States the change referred to came a few years later than in New-England; yet by the outbreak of the civil war monthly or weekly payment of wages had probably become more general than payment by the year.

Farther to the West and South the change to monthly and weekly payments has, in many sections, not yet begun. In these parts of our country the payment of wages out of capital is scarcely more common than it was in New-England a hundred years ago. The employer advances to the laborer such provisions and cash as are absolutely required from time to time; but the "settlement" does not take place until the close of the season or of the year, and the final payment is often deferred until the crop is not only harvested but sold.

But whether wages are advanced out of capital in whole, or in part, or not at all, it still remains true that it is the product to which the employer looks to ascertain the amount which he can afford to pay: the value of the product furnishes the measure of wages. *When* the employer shall pay is a financial question; *what* he shall pay is the true industrial question with which we have to do in treating wages. This is determined by the efficiency of labor under the conditions existing at the time and place.

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[1] "Capitalists and laborers receive large remuneration in America because their industry produces largely."—J. E. Cairnes, Some Leading Principles, etc., p. 462.

CHAPTER IX.

THERE IS NO WAGE-FUND IRRESPECTIVE OF THE NUMBER AND INDUSTRIAL QUALITY OF LABORERS.

We can not well go farther in our discussion without considering a theory of wages which has been very generally accepted by the political economists of the English school, namely, that of a Wage-Fund.

The doctrine is in substance as follows:

There is, for any country, at any time, a sum of wealth set apart for the payment of wages. This fund is a portion of the aggregate capital of the country. The ratio between the aggregate capital and the portion devoted to the payment of wages is not necessarily always the same. It may vary, from time to time, with the conditions of industry and the habits of the people; but at any given time the amount of the wage-fund, under the conditions existing, is determined in the amount of capital.

The wage-fund, therefore, may be greater or less at another time, but at the time taken it is definite. The amount of it can not be increased by force of law or of public opinion, or through sympathy and compassion on the part of employers, or as the result of appeals or efforts on the part of the working classes.[1]

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[1] "That which pays for labor in every country is a certain portion of actually-accumulated capital, which can not be increased by the proposed action of government, nor by the influence of public opinion, nor by combinations among the workmen themselves. There is also

The sum so destined to the payment of wages is distributed by competition. If one obtains more, another must, for that reason, receive less, or be kept out of employment altogether. Laborers are paid out of this sum, and out of this alone. The whole of that sum is distributed without loss; and the average amount received by each laborer is, therefore, precisely determined by the ratio existing between the wage-fund and the number of laborers, or, as some writers have preferred to call it, between capital and population.[1]

The wage-fund having at any given time been determined for that time, the rate of wages will be according to the number of persons then applying for employment.[2] If they be more, wages will be low; if they be fewer, wages will be high.

I have stated this doctrine minutely, with something of iteration, and with full quotations, in order to avoid all suspicion of misrepresenting that which I propose to assail. An excellent summary of the doctrine is that given by Mr. John Stuart Mill, in the Fortnightly Review for May, 1869, as follows:

"There is supposed to be, at any given instant, a sum of wealth which is unconditionally devoted to the payment of wages of labor. This sum is not regarded as unalterable, for it is augmented by saving, and increases with the pro-

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in every country a certain number of laborers, and this number can not be diminished by the proposed action of government, nor by public opinion, nor by combinations among themselves. There is to be a division now among all these laborers of the portion of capital actually there present."—A. L. Perry, Pol. Econ., p. 122.

[1] "The circulating capital of a country is its wage-fund. Hence if we desire to calculate the average money-wages received by each laborer, we have simply to divide the amount of this capital by the number of the laboring population."—H. Fawcett, Economic Position of the British Laborer, p. 120.

[2] "*The demand for labor consists of the whole circulating capital of the country, * * * * The supply is the whole laboring population.*"—J. S. Mill, Fortnightly Review, May, 1869.

gress of wealth; but it is reasoned upon as at any given moment a predetermined amount. More than that amount it is assumed the wages-receiving class can not possibly divide among them; that amount, and no less, they can not but obtain. So that the sum to be divided being fixed, the wages of each depend solely on the divisor, the number of participants."

The doctrine of the wage-fund has found wide acceptance on both sides of the Atlantic. The natural history of the notion on which it rests is not obscure. It grew out of the condition of affairs which existed in England during and immediately subsequent to the Napoleonic wars. Two things were then noted. First, capital had become accumulated in the island to such an extent that employers found no (financial) difficulty in paying their laborers by the month, the week, or the day, instead of requiring them to await the fruition of their labor in the harvested or marketed product. Secondly, the wages were, in fact, generally so low that they furnished no more than a bare subsistence, while the employment offered was so restricted that an increase in the number of laborers had the effect to throw some out of employment or to reduce the rate of wages for all. Out of these things the wage-fund theory was put together. Wages are paid out of capital, and the rate is determined by the ratio between capital and population.

Both the facts observed were accidental, not essential. Wages in England were paid out of capital because capital had become abundant, and employers could just as well as not pay their laborers as soon as the service was rendered. In the United States,[1] at the same time, employers were

[1] "The spread of this doctrine in the United States is not to be explained in the same way. It would seem to have been accepted, so far as it has been accepted, upon the authority of the English economists. Certainly the conditions which have been noted as prevailing in England during the period when the laborer's subsistence came to be identified with his wages, have at no time been known in the United States. Here the people have not been shut out from the land; the

paying their laborers larger wages, but obliging them to wait for the whole or a considerable part till the product should be harvested or marketed. In the United States, therefore, the *industrial* conditions were more favorable to the payment of wages, while in England the *financial* conditions were more favorable. But it is the industrial conditions which determine the amount of wages, the necessaries, comforts, and luxuries which the laborer receives; the financial conditions only determine the manner and time of payment, whether at once or at a future day, whether in money or in goods, etc.

Again, the fact that in England, at the time this doctrine sprang up, an increase of the number of laborers

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laboring classes have been able to make and have made vast accumulations, and the great bulk of wages have, since the first settlement of the country, been paid, not out of capital, but out of the completed product when harvested or marketed.

"The wage-fund seems to have been considered, we know not why, a pillar in the temple of free-trade. Certainly the line drawn in the United States between those who have accepted it and those who have combated it, or let it severely alone, appears to intimate a general sense of some such relation between the doctrines. We find no trace of it among the writers known as protectionists. Professor Bowen distinctly rejects it. Messrs. Daniel Raymond and Peshine Smith omit all allusion to it, so far as we have observed. Mr. Carey, it is true, gave it countenance in his Essay on Wages; but then Mr. Carey was a free-trader in 1835. On the other hand, Professors Vethake, Bascom, and Perry, who take strong ground against governmental interference with the methods and courses of industry, all strongly pronounce the wage-fund theory.

"Dr. Wayland, whose treatise on Political Economy, though published in 1837, would appear (see Preface) to have been mainly composed prior to the emergence in distinct form of the wage-fund theory, followed Malthus in his statement of the law of wages. (Wayland's Pol. Econ., p. 312.) Excepting Dr. Wayland, Mr. Amasa Walker is the only American writer on systematic political economy, of the free-trade school, whom we remember as giving no countenance to the wage-fund theory. It can scarcely need to be said that we regard the idea of an essential connection between the two doctrines as wholly mistaken. Free-trade rose without this theory of wages, and will surely not fall with it."—North-American Review, cxx., pp. 93, 94, note.

applying for employment involved, as it doubtless did, a reduction in the rate of wages, was due to the circumstance that English agriculture, in the then existing state of chemical and mechanical knowledge, had reached the condition of "diminishing returns." But at the same time in the United States, the accession of vast bodies of laborers was accompanied with a steadily-increasing remuneration of labor, and States and counties were to be seen bidding eagerly against each other for these industrial recruits.

That English writers should have been misled, by what they saw going on around them, into converting a generalization of insular experiences into a universal law of wages, is not greatly to be wondered at; but that American writers should have adopted this doctrine, in simple contempt of what they saw going on around them, is indeed surprising.[1]

I would not impeach the scientific impartiality of those who first put forward in distinct form this theory of wages; but it may fairly be assumed that its progress towards general acceptance was not a little favored by the fact that it afforded a complete justification for the existing order of things respecting wages. If there was, in truth, a definite fund out of which wages were paid; if competition unerringly distributed the whole of that sum; and if no more could be paid to the wages class, as a whole, without impairing capital, diminishing employment, and thus in the end injuring the laborers themselves, then surely it was an easy task to answer the complaints or remon-

[1] We have had a right to do better than this in political economy, in the United States. "The Americans are Englishmen whose intelligence is not intimidated and whose conduct is not controlled by many of the influences derived from tradition and authority, which govern the beliefs and actions of the mother country. *From the course taken by the United States, we may often correctly interpret the bent which our nation will follow* as they gradually escape, for good or evil, from the domination of the past."—Address of Lord Napier and Ettrick as President of the British Social Science Association, 1872. (Transactions, p. 17.)

strances of the working classes, and to demonstrate the futility of trades-unions and strikes as means of increasing wages. If an individual workman complained for himself, he could be answered that it was wholly a matter between himself and his own class. If he received more, another must, on that account, receive less, or none at all.[1] If a workman complained on account of his class, he could be told, in the language of Prof. Perry, that "there is no use in arguing against any one of the four fundamental rules of arithmetic. The question of wages is a question of division. It is complained that the quotient is too small. Well, then, how many ways are there to make a quotient larger? Two ways. Enlarge your dividend, the divisor remaining the same, and the quotient will be larger; lessen your divisor, the dividend remaining the same, and the quotient will be larger." (Pol. Econ., p. 123.)

A most comfortable doctrine surely,[2] and one which made it a positive pleasure to conduct a quarterly review in times when the laboring classes were discontented or mutinous. If the workman would not give up when told to enlarge his dividend, he was struck dumb on being informed that his only alternative was to lessen his divisor. The divisor aforesaid being flesh and blood, with certain

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[1] "If law or opinion succeeds in fixing wages above this rate, some laborers are kept out of employment."—J. S. Mill, Pol. Econ., i. 432.

[2] The writer has been sharply criticised for having said in a public address at Amherst College, in 1874, that "by the wage-fund theory, whatever is in wages, is right." This has been referred to as an instance of misrepresenting an opponent's position, the more easily to refute him. I confess myself so dull of apprehension as now, notwithstanding the effect of this castigation in sharpening my wits, to be unable to understand wherein my proposition is objectionable, even on the ground of my critics. If the wage-fund comprises all that can be paid in wages; if that fund is unfailingly distributed by competition; if farther to increase wages would be to trench on capital, and thus diminish future employment, and thus work permanent injury to the laboring classes, together with the rest of the community, why is it not *right* that the employer should pay just such wages as he does? Why would it not be *wrong* were he to pay more?

attachments to home and life, and with a variety of inconvenient affections, was not to be lessened so easily. If the workman turned him from words to blows, and went out "on strike" with a view to better his condition, it was regarded as the act of an irrational animal whose instincts, unfortunately, were not politico-economical. Strikes could not increase the wage-fund; strikes did not diminish the number of applicants for employment; therefore, it was plain as a pikestaff that strikes could not raise wages.

Now, it may seem wanton to break such a pretty toy as this; but the fact is that the wage-fund theory is demonstrably false, contrary alike to the reason of the case and to the course of history.

1st. As has been shown in a former chapter, wages are really paid out of current production, and not out of capital, as the wage-fund theory assumes.

(*a*) Granting, for the moment, that wages are wholly *advanced* out of capital to supply the immediate necessities of the laborer, I have, I think, abundantly proved that the two questions, whether labor shall be employed at all, and, secondly, what wages shall be paid to laborers if employed, are decided by reference to production and not to capital. It is the prospect of a profit in production which determines the employer to hire laborers; it is the anticipated value of the product which determines how much he can pay them. The product, then, and not capital, furnishes at once the motive to employment and the measure of wages. If this be so, the whole wage-fund theory falls, for it is built on the assumption that capital furnishes the measure of wages; that the wage-fund is no larger because capital is no larger,[1] and that the only way to

[1] "It thus appears that if population increases without any increase of capital, wages fall; and that if capital increases without an increase of population, wages rise. It is evident, also, that if both increase, but one faster than the other, the effect will be the same as if the one had not increased at all, and the other had made an increase equal to the difference."—James Mill, Pol. Econ., p. 43.

increase the aggregate amount which can be paid in wages is to increase capital.

(*b*) But as matter of fact, wages are not wholly advanced by capital, but are paid out of the product of the labor for which wages are due, as has been shown in the preceding chapter. This alone, which is indisputable, invalidates the theory we are considering.

2d. But there is more and worse to be said against the wage-fund. It will be noted that by every statement of this doctrine which we have quoted, the amount that can be paid in wages is taken as fixed irrespective of the number and quality of laborers seeking employment. If, then, the laborers be few, wages will be high; if they be many, wages will be low, for the number of laborers is taken as the divisor of a predetermined dividend. Let us consider this.

(*a*) This assumption disregards all those elements, brought out to view in Chapter III., which go to make up the efficiency of the laborer. Thus, granted a certain store of provisions, of tools, and of materials for production, sufficient, say, for 1000 laborers, those who hold the wage-fund assert that the same rate of wages (meaning thereby the actual amounts of necessaries, comforts, and luxuries received by the laborer) would prevail whether those 1000 laborers be Englishmen or East-Indians; or, if Englishmen, whether they be, as a body, drunken, ignorant, wasteful and indolent, or possessed of all the economical virtues. Ultimately, it is held, the former state of things would reduce capital, and hence reduce wages; but, in the exact present, the rate of wages is fixed by the ratio between the predetermined wage-fund and the number of laborers applying for employment, and employers can and will pay the rate so fixed.

On the contrary, is it not true that the present economical quality of the laborers, as a whole, is an element in ascertaining the aggregate amount that can now be paid in wages; that as wages are paid out of the product, and as

the product will be greater or smaller by reason of the workman's sobriety, industry, and intelligence, or his want of those qualities, so wages may and should be higher or lower accordingly?[1]

(*b*) But, again, since wages are paid out of and measured by the product of industry, and since productive power may be increased by the invention of machinery, the discovery of arts, and the improvement of processes, without any immediate increase of capital, ought it not to be possible that wages should be enhanced by such causes, population and capital being assumed, for purposes of argument, to stand still? Now, the wage-fund advocate concedes that such inventions and improvements will increase capital, and hence become the reason for an advance in a more or less distant future; but only as they first increase capital can they increase the wage-fund.

Let us discuss this point.

We will take a community having a capital represented by 100,000, a population represented by 1000, and an annual product represented by 10,000, of which labor receives 7000. Let it be supposed that the productive power of this community is increased at once 10 per cent by improvements in tools, implements, and machinery through all the departments of its industry. The new machinery is brought into use. The capital of the community has not been thereby increased; on the contrary, all such inventions involve a temporary diminution of capital. The old machinery becomes useless, while a portion of the previously-circulating capital has to be taken for the new.

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[1] The view here taken of the relation of the laborer's efficiency to his wages substantially coincides with that presented by Prof. Stanley Jevons in his Theory of Political Economy, pp. 256–262, and by Prof. Hearn, of Melbourne, in his Plutology. Mr. Jevons styles his own views "somewhat heretical." Mr. J. L. Shadwell, writing in the "Independent Section" of the Westminster Review (January, 1872), advances "the efficiency of labor" as one great cause for the variations of wages, wholly independent of increase of population or of capital.

The capital, whether we consider the aggregate capital or circulating capital only, being certainly no larger, wages can not at present, the wage-fund advocate declares, be increased, although the productive power of the community is greater, by 10 per cent, from the moment the new machinery begins to move. The product is now 11,000; but as capital is now something less than 100,000, wages must even be something less than before. The additional 1000 of product will therefore go to the share of capital, although there is less capital than before. And it is only as the capitalists, in their uncontrolled discretion, decide to save this addition to their income, or a portion of it, for future reproductive investment, instead of spending it upon their own pleasure, that capital will be increased, and, with that increase, increase of wages be realized.

Now, to the contrary, I hold that the moment the aggregate product of labor and capital is increased by inventions, which are a clear gain of power for the benefit of all,[1] that moment a sufficient economical reason exists for an advance of wages in some degree corresponding. In the case supposed, the share of the laborers in the 1000 gained might be found to be 700, or it might be but 690, or it might rise to 710.

(*c*) But the most signal fallacy of the wage-fund doctrine remains to be noted. Waiving now all consideration of the economical quality of the laborers in any given community, and of the possible gain in production through improvements and inventions, irrespective of any increase of capital, let us inquire what foundation there is for the assumption that an increase in the number of laborers involves a proportionate reduction in the amount of wages going to each.

Let us take, first, a community which has not reached the condition of "diminishing returns." The number of

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[1] I omit purposely all consideration of the limited monopoly of inventions created by law for the encouragement of ingenuity.

laborers being taken as 100, let the amount of capital accumulated be represented by $100a$. By the wage-fund theory a certain rate of annual wages will result from the ratio between these quantities. Now let us suppose that twenty additional laborers arrive, bringing with them capital $20a$. The ratio between capital and population remains the same as before, and by the wage-fund theory no increase of wages can result. Upon our principles, however, an increase of wages may result, because an increase of production will occur. 120 laborers with capital $120a$, can and will produce more, per man, in a community which has not reached the condition of "diminishing returns" than 100 laborers with capital $100a$. A more effective co-operation will become possible, a minuter subdivision of labor will result, and the greater laboring force of the community will enable them to undertake highly-remunerative enterprises to which their numbers were previously inadequate. In the same way, it might be that in this same community 150 laborers with capital $150a$ would produce more, per man, than the 120 laborers; and that 200 laborers only equally endowed might produce in a higher degree, *per capita*, than 150. The reader is referred to Chapter V. for a fuller discussion of the industrial possibilities of such a community. Now, through all this, it is to be noted that our results are directly in contradiction of the wage-fund theory, which asserts that wages are determined by the ratio between capital and population.

Now, if there is such power in association and in the subdivision of employments that the product may be largely increased although the capital, per man, remains the same, the reader will scarcely question that the operation of these causes might suffice to keep the *per capita* product good, though the capital, per man, should fall off somewhat. Yet this result, again, would be in contradiction of the wage-fund theory. Indeed, it is quite conceivable that a considerable number of laborers might be

added to a community without bringing with them any capital at all, yet the *per capita* product be actually increased thereby. It is insight into this condition of production that gives motive to the exertions put forth by almost every Western and Southern State, and almost every Western and Southern county, to attract immigration. Capital they want, and they would much prefer immigrants with capital; but they want immigrants anyhow. These communities are not acting foolishly. They are not calling in additional laborers to divide with them a predetermined product. They know perfectly well that the product will increase as the producers increase, and that, in their situation, the product will increase faster than the producers; and therefore that each producer may have more, and not less, by reason of the arrival of immigrants.

Laborers have come to us from every part of the world, and constantly has the existing body of laborers been benefited by the accessions. Some of these laborers have brought with them small amounts of capital, and have been all the more welcome on that account. But, however they have come, were it with but a bundle on a stick, there has been room and work enough for all. Labor has had its periods of distress; but these have been due to the interference of government with industry, to false currencies, to extravagant speculation, or to other causes, but not to any real excess of labor.

In contradiction, then, of the view that wages are universally determined by the ratio between capital and population, we see that in countries which have not reached the condition of "diminishing returns," the *per-capita* product may be largely increased while the amount of capital, per man, remains the same, and that it may even be increased, though, of course, not in the same proportion, while the amount of capital, per man, is actually reduced by the accession of new bodies of laborers destitute of accumulations.

But suppose now that the condition of "diminishing returns" is reached; that the accessions to population have continued until all the eligible land is taken up, and the first course of simple improvements made. If further accessions are made, we may then expect to see the wages of labor fall, not because there is a greater number to divide among them a predetermined dividend, but because the annual product is not increased proportionally to the increase of labor. Nature fails to respond to fresh applications with its former generosity. Under this condition, five men now produce, as they always must produce, more than four, but not one fourth as much more. The five must, therefore, submit to receive each less than the four had received, that is, the wages of labor must fall. They fall because production has sustained a check, through the limitations of natural agents.

But this process of reduction in wages may, and generally will, proceed slowly, first, because for a long time the labor of the new-comer, while it will not be quite as productive as was that of the community upon the average previous to his arrival, will yet not fall far short of it, nature giving long warning against an undue increase of population, and having great patience with men; and, secondly, because the limits of production are being constantly pushed backward by the discovery of new resources, by increased economy of labor, by improvements of method, by the application of distinctly new arts, by the invention of machinery, and by the utilization of waste. But through all these the tendency now is to "diminishing returns," and hence to lower wages.

Under these conditions, then, is the wage-fund theory true? We answer with confidence that *this theory can never be true*, for it excludes altogether the contribution which the new-comer, the additional laborer, makes to the production of the community in which he is so unwelcome an arrival. The wage-fund doctrine regards him as a pure addition to the divisor, without recognizing the

fact that his labor must also add something to the dividend. He no longer contributes more, far more to production than the cost of his own subsistence, as in an advancing state of industry, before natural agents are fully occupied and employed. He no longer contributes as much as he requires. But he still contributes something, and that something, however small it may be, helps to swell the amount that can be paid in wages.[1]

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[1] See the remarks by Prof. Senior on the possibilities of English agriculture, quoted on p. 97.

PART II.

DISTRIBUTION.

CHAPTER X.

THE PROBLEM OF DISTRIBUTION: COMPETITION: THE DIFFUSION THEORY: THE ECONOMICAL HARMONIES.

Having discussed much at length certain principles in the production of wealth, in that connection showing the falsity of the current doctrine of a wages-fund, we come now to the problem of distribution, wherein we may look to find the true philosophy of wages.

But is there a problem of distribution? Can there be a philosophy of wages? Certainly if we exclude the question of rent, the orthodox[1] economists have scarcely recognized a problem of distribution, and were it not for the space taken for refuting the opinions of heretical writers, what the text books have to say on the subject of wages would be very little. How, indeed, can there be a philosophy of wages, when the doctrine of a wages-fund prevails? If the question of wages is simply a question in long-division, what need to take much space to illustrate the operations of "one of the four fundamental rules of arithmetic."[2] Population being given, there is no philosophy of wages. The whole question of the well-being of the laboring-class is, then, reduced to a question of population. Here philosophy becomes possible; but the question of population does not belong in the department of distribution at all.

[1] "L'économie politique que j'appellerais volontiers orthodoxe. . . semblait être définitivement constituée, Comme l'église de Rome, elle avait son Credo."—E. de Laveleye, Revue des Deux Mondes, July 15 1875.

[2] See p. 143.

But even the wage-fund doctrine aside, the economists of the Manchester School have not been disposed to regard the problem of distribution, the question of rent excepted, as one of much urgency or difficulty. They have been of the opinion expressed by Chevalier, thirty-five years ago, that this department of political economy is inferior in interest and importance to that of production.[1] This has not been from a disposition to disregard the effects on human happiness, and the strength and stability of the state, wrought by a good or an ill distribution of the products of industry; but from a belief in the absolute sufficiency of economical forces, in a state of industrial freedom, to diffuse all burdens and all benefits alike, to the highest advantage of the industrial community. Laissez faire: let these principles work unhindered, has hence come to contain pretty much the whole theory of distribution as held by the writers of this school. To such it can only be a matter of curious interest, so far as they are concerned as political economists, what are the facts of the distribution of wealth at any given time, or what the moral and social condition of any single class of the community. If things are wrong, they need only to be let to work themselves right, under the impulsion of purely economical forces; and such forces are constantly operating for the redress of grievances, and the repair of inequalities. If aught is wrong at present, it is simply because the free play of economic forces has been hindered by arbitrary enactment, or illegal violence in the past: the one thing required to bring about industrial relief is industrial freedom. So completely satisfied are the writers of this school

[1] "Certes, le partage des produits du travail est digne de toute la sollicitude de quiconque a de l'intelligence et du cœur. Cependant, *elle est moins urgente à discuter, et pratiquement elle sera bien moins embarrassante* que celle de l'accroisement harmonique et régulier de la production."—Troisième discours d'Ouverture du cours de l'année, 1841-2.

with the sufficiency of the force they invoke to secure a right distribution, that they refuse to make political freedom a condition,[1] necessary or even important, for the successful operation of that force. The question of wages is no different in the United States from what it is in Russia, by reason of differences in the political institutions of those countries. It differs nothing in Austria from what it is in Prussia, by reason of the wide difference in popular intelligence existing between those countries. The ballot can do nothing to enhance wages: social opportunities can do nothing, except as they operate in restraint of population; sympathy and respect for labor can do nothing. The economical force is all-sufficient, granted only a state of industrial freedom.

COMPETITION.

Competition it is, and competition alone, to which the economist looks to accomplish the distribution of the products of industry. Competition expresses the desire and the effort of the buyer to buy as cheaply, and of the seller to sell as dearly; of the one to give as little, and of the other to get as much, as he can; and inasmuch as every man is at once[2] buyer and seller, we say he gives as little and gets as much as the existing conditions of industry allow. Competition involves, therefore, we see, a free, easy and

[1] Let me not seem, by omission, to do injustice. Many of the writers of this school have recognized, in the fullest manner, not only the moral and social, but also the industrial, advantages of education and political freedom, in increasing the productive power of the workman; but for the distribution of wealth, they hold strictly economical forces to be sufficient.

[2] No man can buy anything, unless at the same time, he sells something; else he does not buy the thing he gets; it is given to him. When a man buys a pound of meat he sells a shilling, more or less. The butcher may say, I will send home the meat now, and you may hand in the shilling at the end of the week, or of the month; but the credit given does not alter the substantial relations of the parties to the transaction.

sure resort to the best market, whatever be the thing that is to be bought or sold.

If competition be perfect, no question can be made of its result in an equable division of all burdens and diffusion of all benefits throughout the industrial society. Let us consider the laborers and the employers of labor in a state of active competition. Each laborer will sell his labor at the highest price which any employer can afford to give, since the employers are in competition among themselves for labor. Each employer will get his labor at the lowest price at which any laborer[1] can afford to sell it, since the laborers are in competition among themselves for employment. The lowest price at which any laborer will sell his labor is thus the highest price which any employer can afford to pay. If we suppose the rate of wages to any single laborer to be reduced, be it ever so little, below the highest price which any employer can afford to pay, the competition among employers for the extra profit thus offered will speedily reduce that margin to the minimum. If again we suppose the wages obtained by a single laborer to be above the average of his class, the resort of his fellows to that better market[2] will instantly afford his individual employer all the labor he requires at the usual rate. So much for the reduction or elevation of the wages of a single laborer below or above the standard; but if we suppose that standard to be lowered, and the wages of the whole body of laborers to be reduced, we shall then find a like satisfactory result wrought out in one of two ways; either the employers, getting their labor for less, will sell their products at correspondingly reduced prices, and the laborers will thus, as consum-

[1] We here assume the industrial quality of all laborers to be the same, and all employers to stand on the same footing as regards business capacity and credit.

[2] "Every scene of competition is called a market."—F. W. Newman, Lectures on Pol. Econ., p. 5.

ers,[1] make good their nominal loss as producers, or, if prices be maintained, the enhanced profit thus afforded on each pound, bushel or yard of the product will incite each individual employer to produce all he can, and for this purpose to employ all the labor he can; and employers will thus be brought to bid against each other until the margin of extra profit wholly disappears, and the lowest price at which any laborer will sell his labor will thus again become the highest which any employer can afford to pay. On the other hand, if we suppose the standard of wages to be raised and the body of laborers to receive a larger compensation, then it will follow from the action of competition, that either prices will be raised correspondingly and the laborers lose as consumers what they have nominally gained as producers, or, prices remaining the same, the employers will find their profits trenched upon, and this, diminishing the motive to production, will diminish the employment offered, which will induce competition among the workmen for employment, which will restore the standard of wages.

The above account will hold good of laborers and employers found in the same locality and engaged in the same occupation. But if we assume laborers and employers to be dispersed among different localities and occupations, precisely the same result would, in a condition of absolute competition, be effected without loss and without delay. Laborers would seek employers or employers laborers, with perfect facility, across the dividing lines, whether territorial or industrial. All inequalities of condition would thus be immediately reduced. The effort of each to get the most possible for himself

[1] "For this class (the prolétaires) as for all, the operation of competition is two-fold. They feel it both as buyers, and as sellers of services."—Bastiat, "Harmonies of Pol. Econ.," p. 280. Doubtless; but do they feel it equally, in their two capacities? For what Prof. Cairnes calls "the excessive friction" of retail trade, see p. 313-5.

would simply result, with equal strength and opportunities, in giving the same to all.

By the operation of the same principle, any burden—say, a tax—imposed arbitrarily upon any class, whether of persons, of industrial processes, or of products, is distributed equally over the whole community. That burden, wherever first imposed, becomes an element in determining the actual net advantage enjoyed in their place by the class of persons, upon whom, or upon whose processes, or upon whose products, the burden is laid. The diminution thus effected in their substantial remuneration, will either cause their products to rise in price, while the same quantity is produced by the same number of laborers (which may be the case if the products are of prime importance or necessity); or laborers and employers will leave these avocations until the prices of their products, thus diminished in quantity, are raised by scarcity to a point which will afford wages to laborers and profits to employers equivalent, after full account be had of the exceptional burden, to those enjoyed in other departments of production. This is the reasoning of those who hold the diffusion theory of taxation.

Such is the operation of unhindered competition, achieving a beneficent distribution of the products of industry, equalizing all burdens and all benefits throughout the industrial community. These are the Economical Harmonies celebrated by Bastiat. Of course no one ever supposed that competition was perfect in any place, or in any department of human activity; but the political economists of the Manchester School have felt themselves at liberty to treat the questions of distribution precisely as if competition were perfect, regarding the failures as so far exceptional as not to impair the substantial validity of practical conclusions based on the assumption of universal competition. Our further course will lead us to investigate this assumption of a competition so general

that the exceptions thereto may for practical purposes be disregarded; and if we find the exceptions numerous and important, to inquire how far the conclusions based on competition alone require modification to meet the conditions disclosed.—But first, of a term just used. What is THE MANCHESTER SCHOOL OF POLITICAL ECONOMY?

It is usually spoken of as the school of Free Traders;[1] but this, in my estimation, does not present the real characteristic of the class of writers included by the term. There were Free-traders before Manchester; there are Free-traders who are not of Manchester.

I should rather define the Manchester school to consist of those free traders who carry into the department of Distribution, that assumption of the economical sufficiency of competition which the whole body of free-traders accept when dealing with the questions of Exchange; who fail to recognize any differences between services and commodities, between men and merchandise, which require them to modify their doctrine of laissez faire, looking on a Manchester spinner as possessing the same mobility economically, as being under the same complete subjection to the impulses of pecuniary interest, as a bale of Manchester cottons on the wharf, free to go to India or Iceland as the difference of a penny in the price offered may determine; free-traders, who, to come down to single practical questions, object to laws against truck[2] as an interference with the freedom of contract; who oppose exceptional legislation respecting[3] the employment of women under ground in mines and at

[1] Le point de départ des Katheder-socialisten est entiérement différent de celui des économistes orthodoxes, qu'ils designent sous le nom de Manchester-thum, ou *secte de Manchester*, parce que c'est en effet, *l'ecole des libres échangistes* qui a exposé avec plus de logique les dogmes du *Credo* ancien."—Laveleye.—Revue des Deux Mondes, 15 July, 1875.

[2] See this term defined and truck practices described, pp. 324–42.

[3] Fawcett, Speeches, p. 130.

factory labor during pregnancy and for the period immediately succeeding confinement, on the ground that such matters should be regulated by the interest of the parties thereto; who, while perhaps approving, on social considerations, laws regulating the employment of children in mines and factories,[1] yet deny that such regulations have any economical justification, holding that self-interest is here, again, a sufficient guide; who object to laws or compulsory rules respecting apprenticeship, or admission to the professions, to the governmental regulation or inspection of industrial operations, and to any and all acts of the state directed to the promotion of prudence and frugality on the part of the working classes. It was to the effects of such teaching that Prof. Cairnes referred when he said: "Laissez faire, freedom of contract, and phrases of like import, have of late become somewhat of bugbears, with a large number of people. It is enough to mention them to discredit by anticipation the most useful practical scheme."[2]

But it may be here asked, are not the Manchester economists merely more consistent and thorough than those who stop short in their advocacy of freedom from legal restraints when they leave the department of exchange; does it not amount to this, that the Manchesterians stick to their principles, while others do not? It is to be in a position to meet this question that I have stated the theory of competition so much at length; and I now answer, no question of principle is involved, but only a question of fact. None will deny that if competition be perfect, a right distribution will be effected by its agency, but on the other hand no one can claim that any such assurance exists if competition be seriously impaired. If laborers and employers

[1] The Factory Act of 1844 was passed against the opposition of the majority of English economists in Parliament and out.

[2] Essays in Pol. Econ. p. 251.

do not in fact,[1] whatever the cause, resort to the best market, then injuries may be inflicted on labor or on capital, and no economical principle whatever will operate to secure redress. The entire justification for laissez faire is found in an assumed sufficiency of the individual motive-force to reach the best market. With immobility, total or partial, there is no certainty, or probability, of an equalization of burdens and benefits, or of the propagation, without delay or loss, of any economical impulse whatever.

Competition, to have the beneficent effects which have been ascribed to it, must be all-pervading and unremitting; like the pressure of the atmosphere of which we are happily unconscious because it is all the while equal within and without us, above and below us. Were that pressure to be made unequal, its effects would instantly become crushing and destructive. So it is with competition; when it becomes unequal, when the ability of one industrial class to respond to the impulses of self-interest is seriously reduced by ignorance, poverty, or whatever cause, while the classes with which it is to divide the product of industry, are active, alert, mobile in a high degree, the most mischievous effects may be experienced.

Free traders, therefore, who decline to carry the rule of laissez faire into the department of distribution, are not dodging their principles. They deny that the condition which alone justifies that rule, exists in this department. With respect to merchandise, destitute alike of sympathies and antipathies, competition is so far perfect that it may be reasoned upon as if no obstruction to exchange existed. The one additional penny of profit will send the bale of goods east or west, north or south, to kinsman or to stranger, to black man or white, with absolute indifference. But with that strange bundle of "apathies, sympathies and antipathies"[2] called man, bound by manifold

[1] The mobility of labor forms the subject of Chap. XI.

[2] Charles Lamb—Essays of Elia.

strong attachments to place and scene, to home and friends, weighted with daily burdens, almost or quite to the limit of his strength, beset with reasonable and with superstitious fears, a prompt resort to the best market must so evidently be a matter of great uncertainty, that no economist can justly be accused of abandoning his principles who refuses to trust wholly to the individual impulse for the right distribution of the products of industry. The question of a competition sufficient or insufficient to this end, is a question of fact. And it is important to be borne in mind that the obstructions to competition which defeat a right distribution, are not physical merely, or mainly, but moral; ignorance, superstition, timidity, procrastination, mental inertia, love of country, love of home, love of friends. So much for the obstructions to competition, on the side of the working classes. But it is equally important to note that a further effect prejudicial to them may be produced by the greed of employers counteracting a true regard for their own self-interest. The theory of competition assumes that the employer in seeking his own interests will become the conservator of the interests of the laborer, there being a true harmony of interests between them. This may be so, as Prof. Cairnes has noted, with interests as they really exist, and as they would be seen by an enlightened eye. But it does not follow that the employer's interest, as he may regard it, coincides with the interests of those dependent on him for employment. "This chasm in the argument of the laissez faire school has never been bridged. The advocates of the doctrine shut their eyes and leap over it." [1]

But here we have to meet the further questions: granting that competition is in fact impaired to an extent

[1] Essays in Pol. Econ., p. 246.

which allows serious and lamentable injury to result in the distribution of the products of industry, from the inability of persons and classes to resort to their best market, is it the part of the legislator or of the economist to do or to speak otherwise than as if competition were perfect? Are we not to accept competition, as it is, for what it can now do; and wait for the action of economical forces in gradually perfecting it? Does not the existence of competition, however much impaired, establish a steady tendency which must sooner or later wear out the obstructions which are admitted to beset the resort to the best market, on the part of no inconsiderable portion of the industrial community? And meanwhile, to repeat, should we argue or act otherwise than as if competition were complete?

To these questions I have to answer as follows:

1. The reader is referred to what has been said in Chapter IV. on the degradation of labor: the breaking down of the laboring population through industrial distress and disaster. It was there sought to be shown, that if the blow, in its suddenness or its severity, bears more than a certain ratio to the power of resistance, the chances are many, human nature being what it is, that the wages class will succumb, that is, that they will accept the harder terms imposed upon them; and, on the one hand, through a less ample or nourishing diet and meaner conditions, and on the other, through a loss of self-respect and perhaps the contracting of distinctly bad habits, they will become unable to render the same amount and quality of service as before. This result being reached, not only is there not a tendency in any economical forces to repair the mischief, but even the occurrence of better times and new opportunities, if brought about from the outside (as for example, by the discovery of new resources in nature, or new powers in art), would not serve to restore the shattered industrial manhood.

2. Such disasters aside, the tendency of purely econom-

ical forces is continually to aggravate the disadvantages from which any person or class may suffer. The fact of being worsted in one conflict is an ill preparative for another encounter. Every gain which one party makes at the expense of another, furnishes the sinews of war for further aggressions; every loss which one person or class of persons sustains in the competitions of industry, weakens the capability for future resistance. This principle applies with increasing force as men sink in the industrial scale. Emphatically is it true that the curse of the poor is their poverty. Cheated in quantity, quality and price[1] in whatever they purchase, they are notoriously unable to get as much, proportionally, for their little, as the rich for their larger means. Economically speaking, this must ever remain true, and operate with increasing power Moral forces may indeed enter to restore the equilibrium; the liberality of nature may afford to the weaker class a margin sufficient for them to long maintain themselves; the discovery of new arts and new resources may open up fresh opportunities for retrieving loss; but, through all, it cannot be controverted that the tendency of purely economical forces is to widen the differences existing in the constitution of industrial society, and to subject any and every person and class of persons who may, from any cause, be at disadvantage in respect to selling his or their service or product, to a constantly increasing burden.

3. Progress toward freedom is not necessarily accomplished by indiscriminately throwing off restraints, either in the political or the industrial[2] body. True, men

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[1] Count Rumford's Essays contain much interesting matter in illustration of the losses which the working classes suffer in the domestic use of what they have purchased, from the want of simple and elementary apparatus for cooking, storing, etc.

[2] Thus, I cannot hesitate to assent to the opinion of M. Say, that the breaking down of all the fraternities in Paris, after the Revolution of 1830, and the sudden rush, without order or discretion, of a mob of

only learn to swim by going into the water; only make their eyes of use by going into the light; but, out of regard to human weakness, exposure to either element should be conducted with measure, and in order. While progress toward freedom is to be made by the removal of industrial restrictions, it does not follow that the removal of any specific restriction at any given time, conduces to such progress. The restriction may be, in the situation existing, correspondent to an infirmity which cannot so summarily be done away. A crutch operates by restraint only; but it is a restraint which prevents a lame man from falling to the ground, whence he might have no strength to raise himself again; while, if artificially sustained, he may be able to achieve a very considerable freedom of movement and of action. A law prohibiting a child under eight years to work in a factory, operates by restraint only; but it is a restraint upon parental folly or greed, which may prevent a horrible waste of physical force, and cause a larger amount of actual labor to be accomplished during the entire term of life, than would be effected were the child to be stunted by premature exposure and hardship. For this reason I believe, with Mr. Horner, that "the interposition of the legislature in behalf of children, is justified by the most cold and severe principles of political economy." [1]

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labor into trades immemorially restricted, was the cause of great disaster in 1831; that it would have been better, both for the trades and for the mass of outside labor, had the barriers been removed more gradually.

[1] "Employment of children in factories," p. 15. Mr. Horner, who was government inspector of factories, states that in the lace mills of Nottingham, children, 9 to 15 years of age, were frequently employed 20 hours on a stretch, from 4 A.M. to 12 at night. [p. 14.] He quotes a witness who testified that "being frequently detained in his counting-house late at night, till 12 or 1 o'clock, he has often, in going home, in the depth of winter, met mothers taking their children to the neighboring print-works, the children crying." [p. 123.]

Dr. Villermé, in his memorable report to the French Academy

Just how much force, on purely economical principles, has the objection urged against many proposed measures, that they are in violation of the freedom of contract? Let us candidly but searchingly consider this question. What is the authority of laissez faire[1] when levelled against a factory act, or a proposition to restrain truck? Laws in restraint of trade, or interfering with the times and methods of employment, with wages and prices, are not mischievous because they violate a theoretical self-sufficiency of labor, but because they effect a certain actual result. What is that result? They diminish mobility, which, as we have seen, is the prime condition of competition, while competition affords the only security the laborer can have that he will get the utmost possible for his service. The mischief of such laws is simply and solely that they are obstructive. Here, then, and not in the shibboleth, *laissez faire*, *laissez passer*, we have the true test of the expediency of a proposed regulation of industry or trade. Does it practically obstruct movement?

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used the following language in writing of the factory laborers of Alsace: "The rents in the manufacturing towns and villages immediately adjoining, are so high that they are often obliged to live at the distance of a league and even a league and a half. The poor children, many of whom are scarcely seven years old, and some even younger, have to take from their sleep and their meal-hours, whatever is required to traverse that long and weary road, in the morning to get to the factory, in the evening to get home. . . . . To judge how excessive is the labor of children in the factories, one has only to recollect that it is unlawful to employ galley-slaves more than 12 hours a day, and these 12 must be broken by two hours for meals, reducing the actual labor to ten hours a day; while the young people of whom I speak have to toil 13 hours, and sometimes 13½, independent of their meal times."

[1] "So understood, I hold it to be a pretentious sophism, destitute of foundation in nature and fact, and rapidly becoming an obstruction and nuisance in public affairs."—J. E. Cairnes' Essays in Pol. Econ., p. 252.

But is it said: every restriction or regulation is in some degree, obstructive? *Right and wrong, at once. Restriction and regulation are obstructive as against a pre-existing condition of perfect practical freedom. But perfect freedom obtains in nothing human.* There are obstructions on every hand, not physical only, but also intellectual and moral. May not a regulative act well conceived to remove certain moral and intellectual obstacles to free action, have the effect to promote, not retard, industrial movement?

For instance: take the transfer of real estate. An act for the registration of ownership is restrictive upon transfers; yet can any one doubt that judicious provisions for registration, instead of retarding transfers of land and buildings, do in fact, in the most important degree, promote them? The compliance with the requirement of registration is indeed, in itself, an obstruction: it involves a certain expenditure of labor and money; a few shillings and an hour's time. But it gives every possible buyer such an assurance as to his title and the history of the property, as constitutes an intellectual and moral help in the acquisition of estates, of the greatest effectiveness.[1] For it should be borne in mind, in all discussions relating to the exchange and distribution of wealth, that fear, ignorance, superstition and custom are as truly obstructive as are rivers and mountains; and if a registrative provision gives certainty and clearness, where before was doubt and apprehension, or utter ignorance, it may pay a thousand times over, for the nominal hindrance to action which is involved in a formal compliance with its requirements.

It is difficult to see how perfect freedom becomes the condition of economical, any more than it is of political, security and advancement. Why should not the throwing-off of economical restrictions among a people long

[1] In England, the absence of a system of registering titles has burdened the transfer of estates most oppressively.

abused and deeply abased, be accomplished with the same caution, and the same regard for the order of things, as the social and political emancipation and enfranchisement of oppressed masses? Yet we find writers who would ridicule the notion that one form of government is equally good for all peoples, or that any form of government could be good for any people, which had not respect to national peculiarities of character and structure; who hold that no people long degraded can safely be raised at once to political freedom; and even insist that among a people long habituated to universal suffrage, and with traditions of self-rule extending through centuries, stringent limitations should be imposed on the popular will: we find, I say, these writers declaring for the removal of all restrictions throughout industrial society, even such as are of a regulative character merely, not only without regard to the habits or condition of the people, but equally without regard to the order in which such restrictions should be removed.

For myself, I am utterly at a loss to conceive how such reasoners, some of whom are conservatives and pessimists of the deepest dye in politics, justify their optimistic radicalism in industry. Certainly, if, as Chevalier, the great apostle of free trade in France, has said, Political Economy and politics rest on the same principles,[1] there would seem to be as much virtue in judicious and disinterested restraint in labor, as in government or society. Nowhere has restraint any positive virtue; no life or healing comes out of it; but grave evils may be suppressed; great waste and mischief prevented by it.

But while I hold that discretion and order should be observed in throwing off social, political and economical restrictions, alike, I hold this in no desponding or distrust-

[1] "L'économie politique s'appuie sur les memes principes que la politique."—8th Discours d'ouverture de l'année, 1847–8.

ful vein. I believe that society and industry may unload rapidly, if in due order; that there is something in the very name of liberty to which the heart of man, in whatever condition, responds; and that men who believe in freedom are the safest guides in directing the progress of a people toward perfect freedom. I do not say that progress should be made slowly; but that it should be made by steps, by due gradation—and with something of preparation for each successive stage of the advance.

What then is the problem of Distribution?

We have seen that so far as differences exist in respect to the ability and opportunities of the several classes of industrial society to resort swiftly and surely to the best market, such difference must put at an economical disadvantage the class suffering the greatest relative obstruction, and confer corresponding advantages at their expense, upon the class or classes more favorably situated and better endowed. We have seen, moreover, that such disadvantages, be they great or small, at the outset, are cumulative; that the word "to him that hath shall be given, and from him that hath not shall be taken away even the little that he seemeth to have," is a law of universal operation and a very unharmonizing tendency; that economical forces, thus, instead of bringing redress, tend to crowd further down the classes who enter the struggle weakest.

If, then, the political economist finds the obstructions besetting the resort to the best market, existing in the present condition of industrial society, to be, in fact, serious, is he not bound to abandon a rule of conduct based on the assumption of a competition so general that it may for practical purposes be deemed universal, and to study critically the condition of the several classes of persons making claims on the product of industry with a view to ascertain what help

can be brought from the outside, in the absence of any reparative virtue in industrial causes, to supply the deficiencies of competition? Failing to find relief in economical forces, he will look away to moral forces to achieve the emancipation of the economically oppressed classes, not by taking them out from under the operation of economical laws, for that is impossible, but by providing the conditions (intelligence, frugality and sobriety, political franchises and social ambitions) which will secure that mobility, that easy, quick and sure resort to market, which alone is needed to give scope and sway to the beneficent agencies of competition. Fortunately he may look with confidence to see this amelioration coincide with a continued increase in the productive power of labor, due to fresh advances in the arts and sciences, which will facilitate the upward movement.

Meanwhile the question whether any specific legislation in protection of the working classes (say, a factory act), or any measure of regulation and restraint adopted by an industrial class for their own benefit (say, a trades union rule), is likely to promote the desired object, should be treated, I suggest, on the following principle. Remembering that the one thing to be secured for the right distribution of wealth, is perfect competition, it should be inquired, whether that act or measure will, all things considered, on the whole and in the long run, increase or diminish the substantial, not the nominal, freedom of movement. If the effect would be to quicken the resort to market, then, no matter how far restrictive in form, it must be approved. But in considering the probable tendencies of such acts or measures, we should bear in mind how great are the liabilities to error and corruption in legislation; how certain is the administration of the law to fall short of its intent; how much better most results are reached through social than through legal pressure; how destitute of all positive virtue, all healing efficacy, is restraint, its only

office being to prevent waste; how frequently, too, good acts become bad precedents.[1]

Yet these considerations, strong as they are, do not suffice to create doubt in my mind of the justification, on purely economical grounds, of laws for the registration of real estate, for the limitation or prohibition of truck, or for the regulation of the labor of children, of women, or even of men, in accordance with the dictates of the most advanced sanitary science. In Chapter XVIII, questions will arise respecting the practical influence of legislation upon the substantial freedom of industrial movement. These will be discussed with single reference to the principle of judgment here set up. And when the question of trades unions and strikes comes before us, it will be treated on the same grounds. I shall not deem the question to be decided against these agencies by the fact that they take the form of inhibition and restriction; but shall hold myself bound to inquire whether they do, in their time and place, increase or diminish the freedom and the fulness of the laborer's resort to market, bearing in mind that his practical ability to accomplish that resort, is made up of a material element, the means of transportation and of provisional maintenance, and of intellectual and moral elements, quite as essential.

[1] "It is one thing to repudiate the scientific authority of laissez faire, freedom of contract, and so forth: it is a totally different thing to set up the opposite principle of state control, the doctrine of paternal government. For my part, I accept neither one doctrine nor the other, and, as a practical rule, I hold laissez faire to be incomparably the safer guide. Only let us remember that it is a *practical rule*, and not a doctrine of science; a rule in the main sound, but, like most other sound practical rules, liable to numerous exceptions; above all, a rule which must never for a moment be allowed to stand in the way of the candid consideration of any promising proposal of social or industria reform."—J. E. Cairnes' Essays in Pol. Econ., p. 251.

CHAPTER XI

THE MOBILITY OF LABOR.

We have seen that, with perfect competition, the working classes have ample security that they will, at all times, receive the greatest amount of wages which is consistent with the existing conditions of industry. The object of the present chapter is to ascertain, if we may, how far the actual mobility of labor corresponds to that theoretical mobility which is involved in perfect competition.

And first, we note that the theoretical mobility of labor rests on the assumption that laborers will, in all things and at all times, pursue their economic interests; that they perfectly comprehend those interests, and will suffer nothing to stand in the way of their attainment. Of course the men of whom this can be predicated are not real human men. They are a class of beings devised for the purposes of economical reasoning in accordance with the definition given by Mr. Mill in his "Essays on some Unsettled Questions in Political Economy," as follows: "Political Economy is concerned with man solely as a being who desires to possess wealth, and who is capable of judging of the comparative efficacy of means to that end. . . It makes entire abstraction of every other human passion or motive, except those which may be regarded as perpetually antagonizing principles to the desire of wealth, namely, aversion to labor and desire of the present enjoyment of costly indulgences. These it takes, to a certain extent, into its calculations, because these do

not merely, like other desires, occasionally conflict with the pursuit of wealth, but accompany it always as a drag or impediment, and are therefore inseparably mixed up in the consideration of it. Political Economy considers mankind as occupied solely [1] in acquiring and consuming wealth."

But thus to frame a system of economics upon the assumption of the perfect, unintermitted, unimpeded action of one, and that not always the most potential, of many human motives, is it not, as Dr. Whewell has said, [2] as if the physical geographer should construct his scheme in recognition of gravitation alone, disregarding the power of cohesion in preserving the original structure of the earth's surface, and should thus reach the conclusion that all the mountains must at once run down into the valleys and the face of nature become a plain? In much the same way the economist of the *à priori* school disregards the original structure of industrial society, the separation of classes and nations, the obstructions offered by differences of race, religion and speech, [3] the effects of strangeness and appre-

[1] If Mr. Mill had said, "Political economy considers mankind *solely as occupied* in acquiring and consuming wealth," the statement would have been unexceptionable. But if "Political economy considers mankind *as occupied solely* in acquiring and consuming wealth," Political economy considers mankind most falsely; and the results in economical reasoning of that unwarranted assumption have been most mischievous. Political economy is not bound to consider mankind so far as they are occupied in anything else than in acquiring and consuming wealth; but it is bound in simple honesty not to consider them as occupied in acquiring and consuming wealth when they are not, and to a degree they are not.

[2] Introduction to R. Jones' Pol. Econ.

[3] The effects of speech-differences in preventing the easy and rapid flow of labor are clearly to be seen in France and Scotland. The greater number of the Bas Bretons cannot speak or understand French, and are hence confined more closely to their native fields, than the people of any other section. [Report of H. B. M. Consul Clipperton, 1872, p. 160.]

The commissioners of the Scotch Census of 1871 found the influ

hension of change, the constraints of ignorance and superstition, the attachments of home, country and friends, the helplessness of men in new occupations, the jealousy of imported labor,[1] and perhaps more than all else, the inhibition of migration, in the case of perhaps the vast majority of the race, by the want of the supplies of food and money necessary to their removal and immediate subsistence.

Does the comparison seem extravagant? Look at China. There is found a population of three or four hundred millions, of whose mode of life and means of subsistence travellers give accounts that are simply shocking; reduced to the vilest food, the vilest clothing, the vilest shelter, or none at all of the latter two classes of assumed necessaries. Opposite their own land lies a region of great fertility, containing vast expanses with an average population of from one to four, six or ten to the square mile. Why has not this mountain run down into this valley: Why have not untold millions poured upon our shores to relieve the fearful internal pressure of the Celestial Empire? The reasons are too familiar to need to be stated. The fact is what we wish to use here. What a commentary on the political economy which has been reared on the assumption of the absolute mobility of labor! Three or four hundred million Chinese suffering the extremity of misery at home; 63,199 Chinese in the United States in 1870, and that, after the energetic recruiting of Mr. Koopmans-

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ence of this cause very powerful in preventing emigration from the northern and western parts of Scotland, including the Isles, where the Gaelic is still spoken. [Report p. 20. cf. 4th Report (1870) on the em ployment of women and children in Agr., p. 117.]

[1] Miss Martineau notes the jealousy of "imported labor" (from Ireland) during the Napoleonic wars. [Hist. England I. 332.] Even so late as 1846, the committee on Railway Laborers reported that not only did the Irish and the Scotch not work on the same gangs with the English navvies, but they were kept apart from each other. [Report p. 5.] There was especial jealousy manifested toward the Irish importations. [Ibid. p. 52, 77.]

choop and his emigrant-runners! The original structure of that mountain, at least, has withstood the effects of gravitation with not a little success. Popocatapetl has lost a larger proportion of his bulk, in the last one hundred years.

But we may turn to a people less strangely constituted and less strongly conserved than the Chinese; a people longer in contact with the western world, and in blood, speech and faith far less removed from the nations of Europe. The inhabitants of British India have been moved even less than those of China, by the pressure of population, to seek relief in more sparsely settled portions of the globe. With the wages of manual labor at 3d. a day in good times, and with a scarcity amounting to famine on an average once in four or five years, the East Indians respect the "original structure" by which they were placed on the great Asiatic peninsula, and meet their fate where they were born, without thought of change. Wages may rise to any height in America and Australia, but the people of India are even unconscious of any impulse to emigration; and with oriental stoicism and fatalism abide in their lot, like the everlasting hills that guard their northern frontier.

Surely we need not seek more such illustrations to justify Dr. Whewell's comparison. In these two instances, we have seen nearly half the human kind bound in fetters of race and speech and religion and caste, of tradition and habit and ignorance of the world, of poverty and ineptitude and inertia which practically exclude them from the competitions of the world's industry.

In turning now to consider this matter of the power of labor to protect itself, by migration or otherwise, among peoples of a higher industrial civilization, we need to proceed somewhat more analytically. Let us discuss this question under two titles:

1st. The migration of laborers from place to place.

2d. Change of occupation.

1st. The migration of labor. Why should laborers need to migrate at all? Why not stay and work in their lot? Movement involves the expenditure of force: why should this waste be incurred?

It is the unequal development of population and industry that marks the beginning of most of the distresses of labor. Industry and population must, it is evident, fit together throughout the entire extent of both, or loss of power and of production will follow, on the one hand; destitution, squalor, and perhaps starvation, on the other. Labor will suffer both from not being where it is wanted, and from being where it is not wanted. Now in fact, there is ever found a liability in population and industry to grow apart, even though all conditions appear to remain unchanged; while no new cause can begin to operate in the social or political life of a community, which may not very differently affect them. Wherever divergence appears, there is distress. At times the effect is almost instantaneous, when sudden calamities overtake the peculiar industries of states and cities. At times the effect is wrought as gradually as the ruin of a wall into whose seams some slow-maturing vine has thrust its fibres, never to be withdrawn till stone is thrown from stone. Numberless illustrations might be drawn from history and from the statistics of production, of this tendency to divergence between population and industry;[1]

[1] The knitting frame caused stocking-making in England to be transferred from its former seat at Norwich. The woolen manufacture has, within living memory, migrated from Essex and Suffolk to the North. Between 1857 and 1861 occurred a falling off in the muslin embroidery manufacture of Ireland and Scotland, which involved a reduction in the number of persons employed of 146,000 (Statistical Journal XXIV. 516.7). About 1846, the English power-loom caused the absolute destruction of an industry which supported 250,000 workmen in Flanders. (Ibid, XXVIII, 15.) Seemingly petty changes in fashion will often produce wide-reaching effects in produc-

and it will be not less interesting to note the incessant small vibrations of industry which require an almost daily readjustment of population, than to mark the course of those great cyclical changes which transfer the seat of commercial empire, and leave cities and countries forsaken and almost forgotten behind.

Such being the tendency of industry to occasional or periodic movement, the mobility of labor [1] becomes, under the theory of competition, an essential condition of its

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tion. Mr. Malthus states that the substitution of shoe ribbons for buckles was a severe blow, long felt by Sheffield and Birmingham. "On a smaller scale and with less notoriety," says a writer in the Athenæum, "the dismal tragedy of the cotton famine, is enacted every year in one or another of our great cities. Every time fashion selects a new material for dress, or a new invention supercedes old contrivances, workmen are thrown out of employment." Prof. Rogers gives the following piquant illustration of the effect of changes in the mere fashion of dress. "A year or two ago every woman who made any pretension to dress according to the custom of the day, surrounded herself with a congeries of parallel steel hoops. It is said that fifty tons of crinoline wire were turned out weekly from the factories chiefly in Yorkshire. The fashion has passed away and the demand for the material and the labor has ceased. Thousands of persons once engaged in this production are now reduced to enforced idleness, or constrained to betake themselves to some other occupation. Again, a few years ago, women dressed themselves plentifully with ribbons. This fashion has also changed; where a hundred yards were sold, one is hardly purchased now, and the looms of a multitude of silk operatives are idle. To quote another instance. At the present time women are pleased to walk about bareheaded. The straw-plaiters of Bedfordshire, Bucks, Hertfordshire and Essex are reduced suddenly from a condition of tolerable prosperity to one of great poverty and distress." (Pol. Econ., 1869, pp. 77-8.)

[1] But it may be said, if industry abandons population, and wages become reduced, this of itself constitutes a reason for industry to return, as it will have the advantage of cheap labor. This is much as if one should say: the approach of cold induces shivering: shivering is of the nature of exercise: exercise induces warmth; therefore a man may not freeze on a Minnesota prairie in an ice-storm, with the thermometer at 40 degrees below zero; and indeed the colder it gets, the more he will shake, and consequently, the warmer he will be.

well-being. It is of course not necessary that the whole body of laborers should be organized like a Tartar tribe, packed and saddled ready for flight. The great majority of laborers will never be required to move at all; but as it will always prove that of those who could go, many will not, and of those who would go, many cannot, we may fairly say that the laboring population is never likely to be more completely mobilized by intelligence and the possession of property, than is desirable in order to render it certain that just the amount of movement from industry to industry, and from place to place, which may be required, will be effected with the minimum of loss and delay. Such being the necessity for the mobility of labor to enable it to follow the movements, accountable and unaccountable, of industry, it is not needful to go into the history of emigration to show that labor has scarcely, in any country, possessed the readiness and activity which answered the requirement. The United States[1] perhaps afford the highest example of a body of labor prepared and equipped to seek its best market, wherever that market may be; and Americans, familiar with the prompt and easy flow of population here, are liable to under-estimate the difficulties which beset the like movements in almost any other country of the world. In part, the activity of labor in the United States is due to the generosity of nature with us, which allows so large a margin of expenditure. In still greater measure, it is due to the wide diffusion of information through the press and the post-

[1] In 1870, 7,500,000 persons of the native population were living in states other than those of their birth.—See Census Reports. "The full-blooded American," says Chevalier, "has this in common with the Tartar, that he is encamped, not established, on the soil he treads upon."—Travels in the United States, p. 129.—In Russia, too, the freedom of migration from place to place, has frequently been noted. Sir Arch. Alison attributes this to the Tartar blood.—History of Europe xv, 164.—See Sir A. Buchanan's account of the industrial nomads of Russia.—Reports, H. B. M. Consuls, etc. 1870, p. 301.

office. Perhaps in still greater degree is it due to the almost perfect social and political freedom which prevails, in the absence of those barriers and restrictions [1] which, to the inhabitant of older lands, are as much a matter of course as the limitations to his power of reaching objects with his arm. The exceptions to this readiness to follow industry in its movements, are found among three classes: the newly emancipated slaves of the south, in respect to whom no explanation is required, that portion of our women who are compelled to enter the general market for labor, and, lastly, our foreign population, and among these the disability indicated exists mainly among those who have been left in our eastern cities by the exhaustion of the immigrating force.

"No one can travel much in the East without seeing that, with no small proportion of our vast foreign element, occupation is determined by a location that is accidental, or practically beyond the control of individuals; that these people are doing what they are doing because they are where they are. And the reason for such a wholesale subjection of labor to its circumstances, is found in the miscellaneousness, the promiscuousness, and we may say the tumultuousness of the immigration to the United States since the days of the Irish famine. Of all who have come to us in the past twenty-seven years, by far the greater part have come unprovided and uninstructed for the experiences of their American life. Whether pushed fairly out of their own country by the pressure of population, or escaping from military conscription, or moved by restlessness and the spirit

[1] "No cause has, perhaps, more promoted, in every respect, the general improvement of the United States than the absence of those systems of internal restriction and monopoly, which continue to disfigure the state of society in other countries. No laws exist here directly or indirectly confining men to a particular occupation or place, or excluding any citizen from any branch he may at any time think proper to pursue. Industry is in every respect free and unfettered."—Albert Gallatin.

of adventure, or burning with the gold fever, or allured by the false reports of relatives and acquaintances on this side the water, they have fallen on our shores, the immigratory impulse exhausted, their money gone, with no definite purpose, with no special preparation, to become the victims of their place and circumstances. There is a tendency at every harbor which lies at the debouche of a river, to the formation of a bar composed of mud and sand brought down by the current which yet has not the force to scour its channel clear out to deep water. And in much the same way, there is a tendency at every port of immigration to the accumulation, from the failure of the immigrating force, of large deposits of more or less helpless labor which a little assistance from government would serve to carry far inland, and distribute widely, to the best advantage at once of the immigrants and of the industry of the country.

"Of those foreigners whose occupations have determined their location, the most notable instances are the Welsh and the Scandinavians.

"Why should there be four times as many Welsh in Pennsylvania as in New York: Why four times as many in Ohio as in Illinois? The reason is obvious: the Welsh are famous iron miners and iron makers. They have come out to this country under intelligent direction, and have gone straight to the place where they were wanted. Quite as striking has been the self-direction of the Swedish and Norwegian immigrants. Four states, all west of Lake Michigan, contain ninety-four per cent of all the Norwegians in the country and sixty-six per cent of the Swedes. It is probably not owing so much to superior foresight or to ampler means that the British Americans "in the States" have, as it would appear, located themselves according to their industrial preferences, as to the fact of their original proximity and the advantages they found in this for obtaining information, for easily reaching

the place of their choice, and for easily recovering themselves in case of mistake. . . . . Of all our foreign elements, the Irish is that which would seem, from a study of their occupations, to have been most subject to circumstances. The conditions of the forced and most painful emigration from Ireland must be held to account amply for this." [1]

With exception, then, of the three classes named, there has been, in the fortunate state of freedom from social and legal restraints, in the great generosity of nature on our behalf, and in the general intelligence of our population, if not that perfect competition which the economists assume in their reasonings, at least a very active resort of labor to market. Our advantages in this respect are, however, highly exceptional. In general it is found as Adam Smith has expressed it, that "of all sorts of luggage, man is the most difficult to be transported."

Mr. Frederick Harrison [2] has thus set forth this difficulty of moving labor to its market:

"In most cases, the seller of a commodity can send it or carry it about from place to place, and market to market, with perfect ease. He need not be on the spot; he generally can send a sample; he usually treats by correspondence. A merchant sits in his counting house, and by a few letters or forms, transports and distributes the subsistence of a whole city from continent to continent. In other cases, as the shopkeeper, the ebb and flow of passing multitudes, supplies the want of locomotion in his wares. His customers supply the locomotion for him. This is a true market. Here competition acts rapidly,

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[1] *The Advance*, Dec. 10, 1874. In the last century the Irish emigration was from an altogether different class. "The spirit of emigration in Ireland," said Arthur Young in 1777, "appears to be confined to two circumstances, the Presbyterian religion and the linen manufacture." —Pinkerton, iii. 868.

[2] Fortnightly Review, III. 50.

fully, simply, fairly. It is totally otherwise with a day laborer, who has no commodity to sell. He must himself be present at every market, which means costly, personal locomotion. He cannot correspond with his employer; he cannot send a sample of his strength; nor do employers knock at his cottage door."

Of the freedom of movement among the states of Europe, we get an approximate measure from the following Census Statistics,[1] which are about twenty-six years old. Switzerland, a small country bordering three great nations, and having the languages of all three spoken as native tongues in her own limits, contains the largest proportion of foreigners to total population, viz., 2.99 per cent. Holland comes next of those on our list, with 2.32 per cent; Belgium next with 1.76; France with 1.06; Denmark with 0.93; the United Kingdom last, with 0.27 per cent.

But the statistics of international migration afford a very inadequate and often a very deceptive notion as to those quick and apt movements of population which anticipate industrial distress and prevent the breaking down of the labor market, with all its consequences in the degradation of the working classes. To move from one county to another, or even only from one parish to another, would cost incomparably less than to move across the sea, and would often be quite as effectual. And here the systematic writers in economics commonly assume the complete mobility of labor.[2] Yet we find that the impulse which is sufficient to send laborers from England to Australia, is not always sufficient to send them from Devon to Durham. Prof. Senior, in one of his illustrations, supposed that, in case of

[1] Statistical Journal, xx. 75.

[2] "The assumption commonly made in treatises of political economy, is that, as between occupations and localities within the same country, the freedom of movement of capital and labor is perfect." [J E. Cairnes, "Some Leading Principles," etc., p. 362.]

a local failure of employment, laborers would follow their landlord from Leicestershire to London, but not from London to Paris. In real life, however, the difficulty of migration is not so graded. Thus Mr. Chadwick cites instances[1] of laborers in the south and southwest of England, who had heard of America, but had not heard of Lancashire, and could not be persuaded to go there, on offer of favorable employment.[2] Mr. Muggeridge bears quite as explicit testimony in his evidence before the committee of 1855.

"The workman never goes out of his village, and is as ignorant as a cart-horse of what is going on elsewhere, even in his own county. I found on going into the North of England, that there was a demand everywhere for laborers; but when I got to the South and West of England I heard general complaints of the superabundance of the laboring population, and consequently of high poor rates. I then suggested to the government a plan for removing, with their own consent, the unemployed portion of the population. I think that, altogether, something like 17,000 persons who were paupers and wholly out of employment in the South and West of England were, in the North of England put into most lucrative employment."

Q. "At the time to which you refer, there was, I presume, a great demand for labor in the North of England?"

A. "There was; but I do not think that the people in the South and West of England ever heard of it. I carried the news of it into Suffolk and Norfolk also. They knew

[1] Statistical Journal, xxviii. p. 12.

[2] A part of this effect, viz., the preference of emigration from the kingdom over migration within the kingdom, is due to the ineffable stupidity of the act of 12 and 13 Victoria (c. 103) which enables guardians of the poor to borrow money to send laborers out of the country; but does not authorize them to spend a penny in sending a person from the parish of his residence to another part of the kingdom where employment may be freely offered.

no more of it there, than they did of what might be going on in North America." [1]

This immobility of labor has of course powerfully affected wages. A century ago Adam Smith wrote: [2] "The wages of labor in a great town and its neighborhood are frequently a fourth or a fifth part—twenty or twenty five per cent—higher than at a few miles distance. Eighteen pence a day may be reckoned the common price of labor in London and its neighborhood. At a few miles distance, it falls to fourteen and fifteen pence. Ten pence may be reckoned its price in Edinburgh and its neighborhood. At a few miles distance it falls to eight pence, the usual price of common labor through the greater part of the low country of Scotland, where it varies a good deal less than in England. *Such a difference of prices which it seems is not always sufficient to transport a man from one parish to another, would necessarily occasion so great a transportation of the most bulky commodities, not only from one point to another, but from one end of the kingdom, almost from one end of the world, to another, as would soon reduce them more nearly to a level.*" [3]

One might suppose that the vast increase in the facilities for transportation of freight and passengers, and for the diffusion of information through the post-office and the printing-press, would have gone far in this century to remove the obstruction which then retarded the flow of

[1] Report on the Stoppage of Wages, p. 172.

[2] Wealth of Nations, I. 79.

[3] In discussing his extremely valuable Returns before the Statistical Society, Mr. Purdy says: "It would appear that no commodity in this country presents so great a variation in price at one time, as agricultural labor, taking the money wages of the men as the best exponent of its value. A laborer's wages in Dorset or Devon are barely half the sum given for similar services in the Northern parts of England."—Statistical Journal, xxiv. 344. Mr. Purdy refers, as among the causes of this, "to the natural vis inertiæ of the class. . . . and above all, a well founded dread of the miseries of a disputed poor-law settlement in the hour of their destitution."

labor to its market;[1] but the force of ignorance, timidity and superstition is not so easily broken. Prof. Fawcett writes: "During the winter months, an ordinary agricultural laborer in Yorkshire earns thirteen shillings a week. The wages of a Wiltshire or Dorsetshire laborer, doing the same kind of work, and working a similar number of hours, are only nine shillings a week. This great difference in wages is not counterbalanced by other considerations; living is not more expensive in Yorkshire than in Dorsetshire, and the Dorsetshire laborer does not enjoy any particular advantages or privileges which are denied to the Yorkshire laborer."[2]

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[1] Professor Rogers, in his History of Agriculture and Prices, expresses the opinion that not only the transport of freight, but the transit of persons, was as free in the thirteenth, fourteenth and fifteenth, as in the eighteenth century. The roads were maintained in good order, chiefly by the monasteries, and travelling was then professional in many trades. The tiler, the slater, the mason, and the finer carpenter (who made furniture) were migratory. [Hist. I. 234–5]. Of a period a little later, Prof. Rogers says, "Labor travelled in those days (1530–1620) as freely as now; indeed, in the account books of Elizabeth, we find that mechanics for Greenwich and the Tower are procured from places as distant as Cardiff, Dorchester, Brighton, Bristol and Bridgewater."—[Statistical Journal, xxiv. 548.]

The practice of travelling or "wandering" as it is called, which has come down from this period, still prevails extensively in Germany among the younger journeymen ("Herbergen")—see Mr. Petre's report on the condition of the industrial classes, 1870, p. 56. The ease with which the German artisans are "metamorphosed into Frenchmen, Englishmen, Italians, Americans or Turks" (Mr. Strachey, *Ibid* p. 507) has doubtless contributed to the freedom of their movement. Not less than 8,000 German workmen were reported at Mulhouse before the war of 1870.

Consul Wilkinson reports that the settled population of the province of Macedonia is augmented in winter by five or six thousand itinerant artisans who quit their native mountains in central Albania, and distribute themselves over the province in quest of employment, [ibid p. 248]. M. Ducarre's report to the French assembly of 1875, notes the considerable proportions of the annual migration from Italy into Corsica. [p. 247.]

[2] Pol. Econ. p. 167.

But while, in modification of the assumption of the complete mobility of population under economical impulses, we find such great and permanent differences in the remuneration of labor in neighboring districts, if we look to the condition of the lowest order of laborers in many European countries, we shall see reason not to assert many and large exceptions to the rule of mobility, but to deny the validity of the rule altogether. If we consider the population of the more squalid sections of any city, we can only conclude that, contrary to the assumption of the economists, the more miserable men are, the less and not the more likely they are to seek and find a better place in society and industry. Their poverty, their ignorance, their superstitious fears and, perhaps more than all, the apathy that comes with a broken spirit, bind them in their place and to their fate. To apply to human beings in their condition, maxims derived from the contemplation of the Economic Man, is little less than preposterous. Such populations do not migrate; they abide in their lot; sinking lower in helplessness, hopelessness and squalor; economic forces have not the slightest virtue either to give them higher wages, or to make them deserving of higher wages.

2d. I have spoken of change of location as a means of restoring the due relations of population and industry which have, as has been shown, an incessant tendency to grow apart. Let us now consider the change of occupation, within the same locality, as a second means to that end. Not only may the industry of different places or sections develop with great irregularity relatively to their respective populations; but in any place or section the proportions borne by the several branches of industry are liable to frequent and extensive alterations, from the effects of changing fashions, from the exhaustion of the

materials which have formed the basis of production, from the invention or discovery of substitutes, or from the growth of other habits of living in the community. Indeed, as between the two great divisions, agriculture and manufactures, there is not only a constant tendency to change, but there is the highest improbability of the proportions long remaining the same, the reason being the more rapid and extensive introduction of machinery, and the more minute subdivision of work in the latter than in the former department.

Again, as between any two mechanical pursuits, the demand for labor is likely to be differently affected by change of fashion, by the application of new arts and the discovery of new resources. Thus, to consider a single cause, the productive power of a hundred hands engaged in the manufacture of boots and shoes was increased thirty per cent by the introduction of special machinery between 1860 and 1870. This is by no means an extreme example. The wholesale discharges of laborers from employment in the textile manufactures during the last quarter of the last century and the first quarter of the present, as the result of the successive inventions and improvements of machinery, required a readjustment of population to industry which amounted almost to a continuous revolution. In a greater or less degree, the need of such readjustment is constantly pressing upon labor, and if it fails to be effected or is effected partially and tardily, there will be a loss to labor, a two-fold loss, first, in that the laboring class will miss, in whole or part, the advantages of the opening employment, and second, in that the body of laborers remaining in the crowded occupations will trample each other down in their individual eagerness to obtain work and wages, with all the consequences in the degradation of labor, which have been depicted in Chap. IV.

A similar result may be brought about by changes in

the comparative demand for the products of the several branches of manufactures. These changes are literally incessant, sometimes amounting only to a temporary quickening of production in some, and corresponding dullness in other departments: sometimes amounting to the slow decay or even to the sudden destruction of industries which have engaged large bodies of workmen. In instances of the former sort, the laborers concerned in departments which suffer depression, simply hold on, in expectation of returning demand and reviving business; while if certain branches of manufactures are peculiarly liable to such disturbances, that fact comes to be reckoned among the considerations[1] which determine the real, as contrasted with the nominal rate of wages therein.

But not infrequently such change of demand exhibits a persistency which brings to the body of laborers traditionally engaged in these industries the choice of encountering a general failure of employment, bringing them sooner or later to the condition of hopeless pauperism, or of seeking in some other department of industry, perhaps in some other land, the means of supporting themselves and their families.

But while the irregular growth of different branches of industry would thus require a frequent readjustment of labor, if we assumed an equable growth of the populations which furnish the natural supply of such branches of industry, severally, there is the possibility of a further and more urgent need of a readjustment arising out of the irregular growth of the latter.

By the population which furnishes the natural supply of labor in each branch of industry, I mean, simply, the offspring of families engaged therein. It will not be questioned that there is at least a strong tendency within each trade to supply its own labor by its own increase. That tendency may, according to circumstances and character,

[1] See p. 26.

be slight, or it may be very strong, or almost irresistible. It differs from some of the asserted tendencies on which we have had occasion to comment, in that it is a real and not an ideal tendency: all the weaknesses of human nature minister to make it powerful and effective. Now, there being an admitted disposition of children to settle down in their parents' occupation, the need of a readjustment of labor, which can only be effected through positive efforts and sacrifices, becomes greater on account of the irregularity in the natural increase of population within the different branches of industry, which is wholly additional to the irregularity in the growth of those branches themselves, viewed as furnishing employment to laborers. The rate of effective increase varies greatly within each such natural population, through differences both in the average number of children to a family and in the proportion of children who survive infancy.[1] In agriculture, for instance, the social and vital conditions of the occupation encourage births, while pure air and food give the children born on the farm a better chance of life. On the other hand, in some occupations, domestic increase is almost practically forbidden. Occupations range all the way between these extremes, in this respect of their natural supply of labor. Thus the census of Scotland, 1871, shows that there are 177 dependents to 100 bread-win-

[1] It is not merely by differences in the birth-rate and in the death-rate of these natural labor-populations, that the supply of labor is made to vary. The census of Scotland quoted above, shows that the *proportion of males born varies greatly in the different occupations.* Thus, among the workers in chemicals there are but 85.2 males to 100 female children under five years of age; among operatives in silk factories, there are 93.9, in cotton-factories, 95.3, in woolen factories 97.8; while among the agricultural population there are 105.2, among fishermen, 107.5, among general out-door laborers, 106.6, among quarrymen and brickmakers, 107.8, and among railway laborers and navvies, 117.1. See Report, p. 44. Of course the greater the proportional number of males, the greater the supply of effective labor.

ners within the agricultural class, while there are but 122 dependents to 100 bread-winners within the manufacturing class.[1] Doubtless, some portion of this relative deficiency in the manufacturing class is due to the larger opportunity for the employment of children productively in mechanical industry; but doubtless, also, a considerable remainder testifies to the superior fecundity of the agricultural population, and the greater vitality of children bred in the country.

Such being the occasion for a frequent readjustment of population within the several occupations, arising from great irregularity of growth in both population and industry, how far is labor able to respond to such economical necessities?

Adam Smith's treatment of this subject constitutes one of the most extraordinary phenomena of economical literature. No man has dwelt more strongly than he on the difficulties which embarrass and delay the movement of laborers from place to place. It is his own phrase that man is "of all sorts of luggage, the most difficult to be transported." He saw in his own little island the wages of common, unskilled laborers ranging from eighteen pence to eight pence a day, while in the islands, just a bit smaller, to the west, he saw them lower by from twenty to forty per cent; he saw "a few miles distance," make a difference in the remuneration of the same sort of labor of "a fourth or a fifth part;" he knew that such differences had existed for generations without any adequate movement of labor, new causes continually creating divergence faster than population could close up the intervals; and he exclaimed that a difference of prices which proved insufficient to carry a man to the next parish would be enough to carry the most bulky commodities "from one end of the kingdom, almost from one end of the world, to the other."

[1] Report, p. 42.

Yet the same philosopher, a few pages on, treats the differences which appear in the remuneration of the different occupations as either imaginary or else transient. It is thus he writes: "The whole of the advantages and disadvantages of the different employments of labor and stock must, in the same neighborhood, be either perfectly equal or continually tending to equality. If in the same neighborhood there was any employment evidently either more or less advantageous than the rest, so many people would crowd into it, in the one case, and so many would desert it, in the other, that its advantages would soon return to the level of other employments. This, at least, would be the case in a society where things were left to follow their natural course."[1]

It would almost seem as though Dr. Smith deemed the obstacles which beset the movement of laborers from place to place, to be physical merely, and, since no physical difficulties stand in the way of a change of occupation by the laborer while remaining in the same place, he saw no important, no note-worthy, obstacles to the free movement of labor from employment to employment. But if the obstacles which beset migration were physical merely, man, instead of being "of all sorts of luggage, the most difficult to be transported," would, with his own consent, be the easiest to be transported. It is because the difficulties which beset migration are, after all, mainly moral, that the statement quoted above is true.

Economists writing since Adam Smith's time have generally followed his lead in regarding the obstacles which hinder the movement of laborers within the several branches of industry as of little or no account. Some exceptions appear, but as Prof. Cairnes remarks, it is commonly assumed in treatises of political economy that between occupations, as between localities, in the same

[1] Wealth of Nations i, pp. 103–4.

country, the freedom of movement, for labor or for capital, is perfect.[1] In 1874, however, that eminent economist brought forward his theory of "Non-Competing Groups" in industry, a contribution of so much importance that I insert his statement substantially entire. The form of Prof. Cairnes' opening is due to the fact that he is replying to a "school of reasoners" of whom Mr. F. D. Longe was, we may assume, the individual most conspicuously in his view at the time, who hold the movement of labor as between occupations to be practically *nil*.

"Granted, that labor once engaged in a particular occupation is practically committed to that species of occupation, all labor is not thus engaged and committed. A young generation is constantly coming forward, whose capabilities may be regarded as still in disposable form. . . . The young persons composing this body, or others interested in their welfare, are eagerly watching the prospects of industry in its several branches, and will not be slow to turn toward the pursuits that promise the largest rewards. . . . On the other hand, while fresh labor is coming on the scene, worn-out labor is passing off; and the departments of industry in which remuneration has from any cause fallen below the average level, ceasing to be recruited, the numbers of those employed in them will quickly decline, until supply is brought within the limits of demand, and remuneration is restored to its just proportions. In this way, then, in the case of labor as in that of capital, the conditions for an effective competition exist, notwithstanding the practical difficulties in the way of transferring labor, once trained to a particular occupation, to new pursuits. But as I have already intimated, *the conditions are, in this case, realized only in an imperfect manner. . . Each individual laborer can only choose his employment within certain tolerably well-defined limits.* These limits are the limits set by the qualifica-

[1] Some Leading Principles, etc., p. 362.

tions required for each branch of trade, and the amount of preparation necessary for their acquisition. Take an individual workman whose occupation is still undetermined, he will, according to circumstances, have a narrower or wider field of choice; but in no case will this be co-extensive with the entire range of domestic industry. If he belongs to the class of agricultural laborers, all forms of mere unskilled labor are open to him, but beyond this he is practically shut out from competition. The barrier is his social position and circumstances which render his education defective, while his means are too narrow to allow of his repairing the defect, or of deferring the return upon his industry, till he has qualified himself for a skilled occupation. Mounting a step higher in the industrial scale—to the artisan class, including with them the class of small dealers whose pecuniary position is much upon a par with artisans—here also within certain limits there is complete freedom of choice; but beyond a certain range, practical exclusion. The man who is brought up to be an ordinary carpenter, mason, or smith, may go to any of these callings, or a hundred more, according as his taste prompts, or the prospect of remuneration attracts him; but practically he has no power to compete in those higher departments of skilled labor for which a more elaborate education and larger training are necessary, for example, mechanical engineering. Ascend a step higher still, and we find ourselves again in the presence of similar limitations; we encounter persons competent to take part in any of the higher skilled industries, but practically excluded from the professions.

"It is true indeed that in none of these cases is the exclusion absolute. The limits imposed are not such as may not be overcome by extraordinary energy, self-denial and enterprise;[1] and by virtue of these qualities indi-

[1] "The founder of the cotton manufacture was a barber. The inventor of the power loom was a clergyman. A farmer devised the appli-

viduals in all classes are escaping every day from the bounds of their original position and forcing their way into the ranks of those who stand above them. All this is no doubt true. But such exceptional phenomena do not affect the substantial truth of our position. *What we find, in effect is, not a whole population competing indiscriminately for all occupations, but a series of industrial layers superimposed on one another, within each of which the various candidates for employment possess a real and effective power of selection, while those occupying the several strata are, for all purposes of effective competition, practically isolated from each other.*[1]

The consequences economically of this practical isolation of large industrial groups, must, on the first statement, strike the mind of the reader as very important and far-reaching. If this isolation exists, then there is not a tendency, through the operation of economical causes alone, to the equalization primarily of wages throughout the several groups: and, derivatively, of the prices of the corresponding products of such groups. Prof. Cairnes does not flinch from carrying his theory to its proper consequences. Citing Mr. John S. Mill's law of International Values,[2] he declares that this doctrine is manifestly appli-

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cation of the screw-propeller. A fancy-goods shopkeeper is one of the most enterprising experimentalists in agriculture. The most remarkable architectural design of our day has been furnished by a gardener. The first person who supplied London with water was a goldsmith. The first extensive maker of English roads was a blind man, bred to no trade. The father of English inland navigation was a duke, and his engineer was a millwright. The first great builder of iron bridges was a stone mason, and the greatest railway engineer commenced his life as a colliery engineer."—Hearn's Plutology, p. 279.

[1] Some Leading Principles, etc., pp. 70–3.

[2] "That doctrine may be thus briefly stated: International values are governed by the reciprocal demand of commercial countries for each other's productions, or more precisely, by the demand of each country for the productions of all other countries as against the demand of all other countries for what it produces. . . Whatever be the *exchang*

cable to all cases in which groups of producers, excluded from reciprocal industrial competition, exchange their products. Such cases, as I have shown, occur in domestic trade, in the exchanges between those non-competing industrial groups of which I have spoken." As applied to such groups, the law formulated by Mr. Mill would leave the average relative level of prices within each group to be determined by the reciprocal demand of the groups; or, to abandon technical language, we have the result of large groups, each of which is left to meet its industrial fate by itself, without sharing in the advantages of other groups, or contributing to their welfare out of its own abundance; a condition in which it can no longer be claimed that if one group be exceptionally prosperous, labor will flow into it from the outside, till the rate of wages therein is reduced to an assumed general average, and *vice versa*. What then, becomes of the Economic Harmonies, and of the assumption that the "Laws of Trade" only need to be left to their unimpeded operation to bring out the best good of the whole industrial community?

Is this doctrine, bringing with it such vast consequences, true? I answer, there is, in my judgment, a great deal of truth in it, otherwise I should not be justified in having introduced it at such length; but that it will be finally accepted in the form in which Prof. Cairnes left it, I do not believe, though it is not unlikely that his statement, overstrained as it is, will compel the attention of economists to considerations of real importance heretofore overlooked, or avoided on account of their difficulty, more effectually even than a more measured statement would have done. Certainly after so emphatic an utterance, by an economist

ing proportions—or, let us say, whatever be the state of *relative prices*—in different countries, which is requisite to secure this result, those exchanging proportions, that state of relative prices, will become normal—will furnish the central point toward which the fluctuations of international prices will gravitate."—"Some Leading Principles, etc." pp. 99, 100.

so distinguished, writers in economics can hardly continue to assume a perfect freedom of movement on the part of labor, as between localities and occupations within any country, an assumption as mischievous as it is false.

Instead of asserting, as Prof. Cairnes has done, the practical isolation of certain great groups, with entire freedom of movement within these groups, I believe that a fuller study of industrial society will establish the conviction that nowhere is mobility perfect, theoretically or even practically, and nowhere is there entire immobility of labor; that all classes and conditions of men are appreciably affected by the force of competition; but that, on the other hand, the force of competition, which nowhere becomes *nil*, even for practical purposes, ranges from a very high to a very low degree of efficiency, according to national temperament, according to peculiarities of personal character and circumstance, according to the laws and institutions of the community, and according to natural or geographical influences.

And first, briefly, of the assumed isolation of certain great groups, as of skilled or unskilled labor. Here Prof. Cairnes asserts that not only will adult laborers, once engaged in unskilled occupations, not go up into skilled occupations in any appreciable numbers; but that the transfer will not take place in the next generation, by the passing of the children of unskilled laborers into skilled occupations, to an extent which will practically affect, in any appreciable degree, the numbers of the class into which or out of which, such children, if any, shall go.

It cannot be denied that there is a strong constraint, made up of both moral and physical forces, which keeps the vast majority of children not only within the great industrial group into which they were born, but even within the very trades which their fathers individually pursue. I shall have occasion hereafter to dwell on this as of great importance in the philosophy of wages. But that this

constraint is so powerful and unremitting that those who escape are so few as not in any appreciable degree to relieve the class which they leave or to influence the class into which they thus enter, I must doubt. It is not so in the United States, in Canada, in Australia. I seriously doubt whether it is so in Germany, with its universal primary instruction for the young and its admirable system of technical education. It surely is not so in Scotland.

If Prof. Cairnes' generalization remains sound for his own country, it is still true that the humblest English laborer has only to emigrate to the United States, as tens of thousands do every year, in order to place his children in a situation where they can pass into a higher industrial group, not by the display of "extraordinary energy, self-denial and enterprise," but by the exercise of ordinary social and industrial virtues.

On the other hand, how is it with the assumed freedom of movement within the industrial groups which Prof. Cairnes has in view? Let us recur to his own statement of the case. He does not claim that laborers who have once become engaged in any occupation are practically free to leave it for any other which may seem more remunerative. He admits, perhaps too fully if we have regard to the United States, Canada, and Australia, that the mass of laborers are held in their place and lot by a constraint from which it is practically beyond their power to escape. But he does claim that the rising generation of laborers furnishes a disposable force—a disposable fund, he terms it—which can be and will be directed freely within the great groups he defines, according "as remuneration may tempt, in various directions. The young persons composing this body, or others interested in their welfare, are eagerly watching the prospects of industry in its several branches, and will not be slow to turn towards the pursuits that promise the largest rewards."[1]

[1] Some Leading Principles, etc., p. 69.

Now let it for the moment be granted that Prof. Cairnes' proposition is true to the full extent, how far does the mobility thus given to labor answer the requirements of the case? Reference to tables of vital statistics will show that the number of persons annually arriving at the age of twenty is from two and a half to three per cent of the population twenty years of age and upwards. This then is the extent of this "disposable fund." Now in Chap. IV. we have sought to show how serious often is the evil effect upon those elements of character which go to make up the efficiency of labor, of even a brief failure of employment; how almost certainly extensive mischief results from "hard times" protracted through months and years; how easily and quickly harm is done; how slowly and painfully industrial character is built up again. In view of such possibilities of disaster, always imminent from the very nature of modern industry, the question becomes one of great importance, whether this "disposable fund," which Prof. Cairnes adduces, is large enough for its purpose, whether it secures the needed mobility of labor. But before finally answering this inquiry, let us ask whether Prof. Cairnes is justified by the facts in assuming that the whole of the rising generation of laborers is thus disposable, "fulfilling the same function in relation to the general labor force of the country which capital, while yet existing as purchasing power, discharges in its relation to its general capital?"

One would not lightly speak in terms of ridicule of anything which Prof. Cairnes has written; yet there is something ludicrous in the picture which his words suggest of a weaver, with half a dozen children and fifteen shillings a week, earnestly pondering the question, to which of the various trades of the group to which he belongs he shall devote the opening talents of his nine-year-old boy, now just able to earn three-pence a day in the mill; or of protracted and frequently adjourned family councils in which

poor Hodge, his wife and eldest daughter, discuss the industrial capabilities of the younger members of the family, and the comparative inducements of the several hundred manual occupations recognized in the tables of the census. The picture is ludicrous only because the truth of the case is so pitifully the other way. We know that mill owners are harassed with applications from their hands to take children into employment on almost any terms, and that the consciences of employers have required to be reinforced by the sternest prohibitions and penalties of the law to save children ten, seven, or four years old, from the horrors of "sweating dens" and crowded factories, since the more miserable the parents' condition, the greater becomes the pressure on them to crowd their children somehow, somewhere, into service; the scantier the remuneration of their present employment, the less becomes their ability to secure promising openings, or to obtain favor from outside for the better disposition of their offspring. Once in the mill, we know how little chance there is of the children afterwards taking up for themselves another way of life.

We know, too, that in the agricultural districts of England, gangs of children of all ages, from sixteen down to ten or even five years, have been formed, and driven from farm to farm, and from parish to parish, to work all day under strange overseers, and to sleep at night in barns huddled all together, without distinction of sex. We know that the system of public gangs required an act of parliament ten years ago, to break it up, and we have the testimony of the commissioners of 1867, that, in spite of the law, it is still continued in some parts of the kingdom; while the system of private gangs,[1] only less shock-

[1] "Even sometimes as many as eighty or one hundred may be taken from a neighboring town to one farm." Report of E. B. Portman, asst. comm'r.,—Employment of women and children, 1867-8, p. 95. "At present, parents solicit employers to take children into service often

ing to contemplate, is still continued without rebuke of law. Surely, such facts as these are not consistent with the assumption that the comparative merits of a large number of occupations constituting a "competing group" are carefully and intelligently canvassed by parents, anxious for the highest ultimate good of their offspring, and willing and able to take advantage of opportunities afforded in branches of industry strange to them and perhaps prosecuted at a distance. So late as 1870, children were employed in the brickyards of England, under strange taskmasters, at three and a half years of age.[1] Account is given us, sickening in its details, of a boy weighing fifty-two pounds, carrying on his head a load of clay weighing forty-three pounds, seven miles a day, and walking another seven to the place where his burden was to be assumed. Perhaps his mother was eagerly "watching the prospects of industry in its several branches," with a view to selecting a thoroughly agreeable, remunerative, and at the same time improving occupation, where he could at once earn a handsome living and secure opportunities for the harmonious development of his physical, intellectual and spiritual faculties, but I scarcely think it. John Allinsworth tells Mr. White, Asst. Commissioner, how he and his son, aged nine years, earn their daily bread. "Work in the furnace. Last Saturday morning we began at two. We had slept in the furnace, being strangers to the town. We live at Wadsley, four or five miles off. We have to be here by six A. M. It is a long way for the boy to come and go back each day, though I can manage it. I should like to get some place in the town for him to stay in."[2] Now *there* is a father who *is* looking

so young as to be worthless."—Ibid. p. 97. "In Cambridgeshire, the children go out to work as young as six years old, many at seven or eight."—Ibid, p. 95. cf. pp. 12, 15, note.

[1] Social Science Transactions, 1874, p. 4.

[2] Report of 1865, p. 13.

out for his son, according to Prof. Cairnes' assumption; yet Mr. Commissioner White would probably, from his large experience, give heavy odds that John Allinsworth's little son, aged nine, will be found twenty years from this, if still alive, working in the furnace, perhaps sleeping in it, stunted and blighted, the father of a nine-years-old boy, for whom he too, "would like" to get a better place to work and sleep.

I have not called up such pictures of human misery with the object of exciting compassion, much less with a view to obtain an advantage in controversy, but to show graphically the error of Prof. Cairnes' assumption that parents who are tied down hopelessly to an occupation which affords but the barest subsistence can freely dispose of their children to the best advantage among a large class of occupations. Especially when we consider that, in the development of modern industry, trades become highly localized, entire towns and cities being given up to a single branch of manufacture, shall we see the practical fallacy of this assumption. Even if we suppose the parent to be advised of better opportunities for employment opening in some trade prosecuted at a distance, and to be pecuniarily able to send his child thither and secure him a position, yet, years before the boy or girl would be fit to send away from home, the chance of earning a few pence in the mill where the parent works would almost irresistibly have drawn the child into the vortex.

May we not then question Prof. Cairnes' assumption that the children of the working classes constitute "a disposable fund" to be distributed to the highest advantage of labor among those occupations which at the time are most remunerative? The truth is, that *until you secure mobility to adult labor you will fail to find it in the rising generation*, and that among an ignorant and degraded population four-fifths, perhaps nine-tenths, of all children, by what may be called a moral necessity, follow the occupations of

their parents, or those with whom their fortune has placed them. The great exception is that which Prof. Fawcett has indicated,[1] that of the children of agricultural laborers in the immediate vicinity of flourishing manufactories.

We have now reached a position where we can judge of the adequacy of the force which Prof. Cairnes invokes to secure to labor its needed mobility, and we must pronounce it wholly insufficient. Even were the whole mass of labor coming each year into market to be reckoned as "disposable" in the sense in which he uses the term, it would yet sometimes fall short of effecting that redistribution which is required by changes which, as we have seen not infrequently amount in a few years almost to a revolution of industry; but when we consider how partial and doubtful is the mobility thus claimed for the rising generation of laborers, we are constrained to say that unless more can be adduced than Prof. Cairnes has shown, the freedom of movement within industrial groups which he has claimed to be practically perfect, is in truth very inadequate to effect that object of supreme importance to labor—the free and quick resort to the best market.

But it may be asked, is not the ubiquity of the "tramp" a proof that you have over-estimated the difficulty which besets the movement of labor? Is there not a large adult population which is constantly shifting its place, here to-day and there to-morrow? What more could you ask?

I answer, there is no more virtue to relieve the pressure upon honest self-respecting labor in the forces which direct the movement of the "tramp," than there is of virtue to save men from drowning in the forces which bring a human body to the surface after a certain period of putrefaction. The body comes up, indeed, but only when

[1] "An agricultural laborer is not suddenly converted into a cotton weaver. Such a transition rarely takes place; but if there is a manufactory close at hand many of the children of the agricultural laborers will be employed therein."—*Pol. Econ.*, p. 170.

swollen and discolored by the processes of corruption; and so the laborer, who has lost his hopefulness and self-respect and become industrially degraded, whether by bad habits for which he is primarily in fault, or by the force of causes he had no strength to resist, wanders about the country begging his food and stealing his lodgings as he can; but his freedom, thus obtained by being loosed from all ties to social and domestic life, does not so much relieve labor as it curses the whole community, rich and poor alike.

CHAPTER XII.

THE WAGES CLASS.

It has been said that, by most systematic writers on political economy, the wages class is taken as coincident with the labor class. In the opening chapter I briefly indicated five important classes thus brought together under a single title. In the present chapter it is proposed to show that of the five, but two can with any propriety be said to receive wages; and of these two, it is proposed, though not with the same degree of assurance, to exclude one, leaving but a single class as really the recipient of wages. It is hoped that, by strictly defining the wages class, and setting the other classes thus distinguished in their true relations to it, something may be added to the understanding of the law of wages.

To begin: The wages class includes only *the employed*. It is not necessary to spend time in proving that by etymology, at once, and popular usage, the word is restricted to the remuneration paid by one person to another. Those who give the word a wider significance in political economy are bound to justify themselves in doing so, by showing that something is gained, in clearness, thereby. But my reason for desiring to confine the word as has been proposed, in a treatise on wages, is better than a linguistic one. It is that the very object of the inquiry is to ascertain *the laws which govern the condition of those persons who, having no command of the agencies and instrumentalities of production, are obliged to seek employ-*

ment and the means of subsistence at the hands of others. It is the condition of this class that the philanthropist is especially interested in, because this is preëminently the dependent class. The economist should be equally interested because just here comes the real strain in the distribution of the products of industry. How, for example, if we group employer and employed in one great "wages" class, can we properly reach the subjects of strikes and trades unions? Are we not, most unnecessarily and in most undeserved contempt of popular speech, slurring over and obliterating the natural and obvious distinction which points us the way to the right discussion of some of the most important questions of distribution, when we speak of the wages of a cotton manufacturer; wages stipulated by no one, due from no one, and, if paid at all, paid by the accidental consumer of the product?

If employers do not belong in the wages class, no more do those who are neither employers nor employed; who having command of the agencies and instrumentalities of production sufficient for their own labor, take a most important part, indeed, in the production of wealth; but, owning the entire product, have no concern whatever with the distribution of wealth, and hence nothing to do with wages.

We thus exclude the whole body of peasant proprietors, who in many countries constitute the bulk of the population, and are, taking the whole world together, undoubtedly more numerous than any other single class which we shall have occasion to characterize. These persons, cultivating their own land with their own labor only, or perhaps with that of their wives and minor children (having no separate rights or interests recognized by the law of the land, and hence capable of making no demand, as laborers, for any portion of the product), create in the aggregate a vast amount of wealth, but it is wealth not distributed. Each such peasant proprietor owns the entire product of his land (subject only to the claims of the government for

contribution, which claims, being legal and not economical in their nature, cannot be recognized in an economical treatise), to be consumed for the subsistence of himself and family and the increase of his own stock, or to be exchanged at his pleasure for the products of others. Such wealth, therefore, is not subject to distribution, and hence we clearly must exclude this body of laborers from the wages class.

In England the peasant proprietor does not exist. Forty years ago Prof. Jones[1] wrote "In parts of England and Wales, though the race is fast vanishing, there may be seen specimens of our first division of laborers, unhired by any one, occupiers of the soil, tilling it with their own hands."[2]

The "specimens" have by this time all disappeared except possibly from Westmoreland and Cumberland, counties characterized by comparatively small estates. But while the condition of large landed properties, cultivated by hired agricultural laborers, is almost universal in England and Scotland, one cannot cross the narrow seas in any direction without coming upon a condition very different.[3] To the west, Ireland furnishes an example of which we shall speak in connection with another class of producers; while, before one reaches the coast of France, he finds in the "Channel Islands," a part of the British empire but retaining their own laws regulating the descent of landed property, a body of peasant proprietors who have furnished the advocates of that system of cultivation with some of their most valued illustrations. In France

[1] "Whose Essay on the distribution of Wealth (or rather Rent) is a copious repertory of valuable facts on the landed tenure of different countries."—J. S. Mill, Pol. Econ., I. 297.

[2] Pol. Econ., p. 15.

[3] "You have no other peasantry like that of England. You have no other country in which it is entirely divorced from the land. There is no other country in the world where you will not find men turning up the furrow in their own freehold."—Cobden, Speeches, II, 116.

the principle of "partible succession," introduced by the Revolution, has created a vast number of small properties, estimated at between four and five and a half millions.

"In Germany a revolution of the same nature, though not of the same magnitude, has been effected in a more regular manner. The benefits of landed property have been imparted progressively to a numerous and prosperous class of cultivators by the abolition of feudal superiorities, by the restriction of entails and special destination of property, by the deliberate division of estates between the landlord and the occupier, on a basis, if not always equitable to the former, at least patriotic in its motives and happy in its results, and by the operation of rules of succession reproducing in some instances and in others adopting with various modifications, the maxims of the French Code.[4]"

In Italy, under the principle of partible succession, somewhat modified, and through sale of church lands and the dismemberment of feudal estates subject to communal rights; and in Russia, through the emancipation of the serfs and their investiture with portions of the estates to which they formerly belonged, we have a large and increasing portion of the soil cultivated by its owners, working for themselves and by themselves, receiving the whole produce of the soil, subject only to deduction through taxation.

But it is not only the peasant proprietor of Europe, the "farmer" of America, who must be excluded from the wages class on the ground that he is not dependent on another for employment. In the same class economically, so far as the principles of distribution are concerned, are large bodies of mechanical laborers, artisans, who having possession of the agencies and instrumentalities of pro-

[4] Address of Lord Napier and Ettrick. Soc. Sc. Transactions, 1872

duction, are enabled to produce wealth by their own labor, without the consent of any person, the product being all their own and hence not subject to distribution, though presumably in great part exchanged for the products, especially the agricultural products, of others. These persons, again, receive no wages, are not hired. They are no more the employed than they are the employers; indeed they are neither. Distribution has nothing to do with them.

Adam Smith recognized this class. "It sometimes happens," he says, "that a single independent workman has stock enough both to purchase the materials of his work and to maintain himself till it be completed. He is both master and workman, and enjoys the whole produce of his labor.[1]

I do not, for the present, say that the condition of this class is better or worse than that of the wages class, but only that the two classes stand in different economical relations, and should be treated separately. The self-employed laborer has still to seek his market, and if the market fail him he may suffer or starve like the wage laborer; but it is a market for his product that he seeks, not for his labor; and in the pregnant fact that he has possession of the agencies and instrumentalities of production, and may work in his place without the leave or help of any, is found an abundant reason for preserving the distinction expressed above.

Closely allied to the peasant proprietor in many respect economically, though differing widely in others, and not the less distinctly to be excluded from the wages class, are those tenants, whether known as ryots in Asia or metayers in Europe, who have, whether by law or by imperative custom, a recognized right to the cultivation of soil which they do not own, upon the payment of a fixed share

[1] Wealth of Nations, I. 69.

of the produce. The wealth thus produced is, indeed, unlike that produced by the classes previously described, subject to distribution, inasmuch as the owner of the soil is here entitled to participate in the results of the industry; but the tenant's share is still in no sense wages. He is not of the employed class; he is not dependent on the will of another for the opportunity to labor; he has a right to work on that particular body of land and to enjoy the fruits of his labor, subject only to the due payment of the share of the product going to the landlord—be the same an individual or the state. And this is equally true whether the right of the tenant to remain in occupancy is one fixed by law, or only by a custom which is so distinct and imperative as to give a practical assurance of permanency. And it is equally true whether the amount of rent be fixed by law, or by a custom which the owner so far respects as to put it out of his disposition to undertake to raise it.[1]

The metayer system, under which the landowner receives a definite share of the produce, originally one-half, as the term implies, but varying in present usage from one-half to two-thirds, according to local law or custom, once prevailed throughout the western division of Continental Europe, Italy, France, and Spain.[2] In France,

[1] "In Tuscany," writes Sismondi, and the remark holds true of most parts of Italy where the metayer system prevails, "public opinion protects the cultivator. A proprietor would not dare to impose conditions unusual in the country, and even in changing one metayer for another he alters nothing of the rent."

"In this country (England) the cultivator of the soil and the owner of the soil are, as a rule, different persons; *in other countries they are, as a rule, the same;* or where they are not the same the owner of the soil rather occupies the position of *a perpetual lessor or mortgagee* than that of a landlord whose contracts with his tenants are constantly liable to revision."—Prof. Rogers' Pol. Econ., p. 151.

[2] Prof. Jones finds the origin of the metayer system of Western Europe, in Greece, from which it was adopted by the Romans, and introduced into Italy first, and France and Spain afterwards. Prof. Rogers finds that the metayer system was introduced quite generally

since the Revolution, it has been largely superseded by peasant proprietorship; and in Italy, since the unification of the kingdom, the same process has been going on, though more slowly. A large portion of the soil of these three countries is, however, still cultivated under this tenure.

The ryot system of Asia and Turkey in Europe is held by some economists to be substantially equivalent to personal proprietorship; by others to be the Oriental equivalent of the metayer system, the taxes, varying from fifty upwards to perhaps seventy per cent., which the government levies on the produce, being regarded as virtually the rent of the land. The question need not be discussed here, for it is evident that, whichever way it might be decided, the ryot is not a wage laborer.

In a very different economical position is the cottar tenant, who is liable, on the expiry of his longer or shorter lease, or at the will of the landlord in the absence of a lease, to have his rent raised; and on his inability to resist or to satisfy such a demand, or even from the personal prejudices or preferences of the landlord, to be ejected from his occupancy; yet we cannot designate his share of the product of the soil, after deducting rent, by the term wages. The condition of the cottar may be better than that of the wage laborer, or it may easily be worse; but worse or better, it is certainly different, and results from wholly different economical relations. As we go forward the unfitness of such a designation, if, indeed, there should be any question concerning it, will be made to appear more clearly than could be done at present with-

into England after the great plague of 1348, and prevailed for about sixty years, when it was "superseded by the growth of a hardy and prosperous yeomanry, who either purchased the land in parcels, or bargained to work it with their own capital, and at a money rent." Pol. Econ., 168, 170. The fate of these yeomen in England has been noticed.

out an extensive excursion from the path of our discussion; but it will perhaps be sufficient at this point, waiving objections from etymology and popular use, to say that it is of the essence of wages that they are at stipulated rates, and therefore certain in amount, while the produce of the cottar tenant is never certain, since nature declines to make any stipulation, and the quantity and quality of the crop must always remain, up to the moment of harvesting, a matter of conjecture.

The cottar tenancy is still very general in Ireland. The soil is held in small quantities,[1] by the great body of the agricultural laboring population.[2]

We have thus far insisted that only the employed shall be included in the wages class. Applying this test of dependence on others for the opportunity to labor, we have successively excluded several large bodies of laborers, constituting in the aggregate the vast majority[3] of the human race. In respect to the production of most of these, the principles of distribution do not apply. In contemplating their condition and prospects, we have only to consider the law of production taken in connection with the law of population. Masters of their own fate, economically, whether they shall be happy or miserable will depend [assuming their own industry, frugality and sobriety], first, upon their habits in respect to procreation;

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[1] Of the 682,237 holdings in Ireland, 512,080 are of less value than 15*l.* a year each, 527,000 are tenancies at will.—Statistical Journal, xxxiii, 152.

[2] Day-laborers in agriculture were, until recently, almost unknown in Ireland. They are now appearing in considerable numbers.—Leslie's Land Systems, etc. p. 44.

[3] "The unhired laborers who are peasant cultivators," according to Prof. Jones, comprised in his day "probably two-thirds of the laboring population of the globe."—Pol. Econ., p. 14.

second, upon the acts of their government, protecting them or robbing them, as the case may be, with which political economy has nothing to do; and third, on the kindness or unkindness of nature in affording sun and shower in due order and proportion, and with this, again, political economy has nothing to do.

We have applied the test of employment. We must now apply other tests, still further to reduce the range of our investigation.

First, we count out all those who, though employed, are employed on shares. It is, as has been said, of the essence of wages, that they are stipulated in amount. In the case of laborers working on shares, no definite amount is stipulated; but only the proportion of an uncertain product which shall go to the laborer. His remuneration, therefore, becomes greater with good luck and favorable weather, or smaller with the reverse. He shares with the employer the risk of bad seasons and accidental loss; and is entitled to participate in all the advantage of every fortunate venture. In other words, he is the partner of his employer, dependent indeed, with no voice in the management, and perhaps on hard terms, but a partner still in the distribution of the product; a condition which is strongly contrasted with that of the wage-laborers proper, who have their remuneration at fixed rates, receiving no less if the business be unsuccessful (except in the rare and not anticipated event of bankruptcy); and receiving no more, however great the returns of the industry.

The class of hired laborers working on shares is not large, but it is desirable that it should be clearly separated and excluded from the wage class for scientific precision. The share principle is applied somewhat extensively in mining, but its chief application is on the sea, where it becomes of great importance to interest all hands in the success of the enterprise. In fishing vessels and whalers of almost all nationalities, and with the Greeks even in

the general merchant service, the crews take shares in the venture.

Secondly, it is my view that another and a very large body of laborers should be excluded from the wages class in treating the questions of distribution, though the term wages is applied, and with entire propriety, to the remuneration of this class of persons, and its exclusion may not meet the general assent which I trust will be accorded to the exclusions previously effected.

What, then, is the class thus to be excluded against common usage? It includes those persons who are defined by Prof. Jones[1] as paid, or supported, out of the revenues of their employers. I deem the difference between this class, which it is proposed throughout the further course of this work to call the SALARY or STIPEND class, and that which I shall call the WAGES class, to be not only sufficiently clear to justify the economist in giving to the former a distinctive name, but so important in its bearings on the relation of persons of that class to their employers, and on their claim to a share of distributed wealth, as to render it imperative to treat them separately.

The domestic servant affords, perhaps, the best illustration, for present purposes, of the salary or stipend class. He is not employed as a means to his master's profit. His master's income is not due in any part to his employment; on the contrary, that income is first acquired, or its acquisition reasonably assured; and in the amount of the income is determined whether the servant shall be employed or not, while to the full extent of that employment the income is diminished.. As Adam Smith expresses it, "a man grows rich by employing a multitude of manufacturers; he grows poor by maintaining a multitude of menial servants."[2]

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[1] Pol. Econ., p. 420.

[2] *Wealth of Nations*, I, 332.

The case of the wage laborer is different. He is employed with a view to his master's profit; the master's income is the result of such employment of labor; and, with the exercise of due judgment, that income will be greater by reason of the employment, within the limits of his productive capacity, of each additional man. "Though the manufacturer has his wages advanced to him by his master, he in reality costs him no expense, the whole value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labor is bestowed. But the maintenance of a menial servant is never restored." [1]

The expectation of profits, be it observed, furnishes the test for discriminating the wages class from the stipend or salary class. It is not necessary that the profit expected in the employment of persons of the former class should always be realized; nay, in a given case, actual loss may result without changing the character of the service. But unless the reason for the employment is found in the expectation of a profit to the employer out of the production in which the laborer is to be engaged, we do not find in such employment the true sign of the wages class. Hence we may broadly say, No profits, no wages.

Let us recapitulate. We have, first, excluded the employing class; second, all who, having possession of the agencies and instrumentalities of production, whether agricultural or mechanical, are not dependent on others for the opportunity to produce; third, those who, though not owning land, lease it, whether under the protection of law or subject to all the hardships of competition. These successive exclusions leave us the employed class, whether in agriculture or manufactures. From this we further ex-

[1] *Wealth of Nations.*

clude all who produce on shares, and all who are paid or subsisted out of the revenues of their employers. We have left the wages class proper, including all persons who are employed in production with a view to the profit of their employers, and are paid at stipulated rates. This is the class whose economical position and interests it is proposed here to discuss. With such limitations as have been imposed, the wages question is not of that wide interest which is given to it when pretty much the whole human race is brought within its scope; but it may be that by this limitation our inquiries will become more fruitful. 1

But though the wage class includes but a fraction of humanity, it is perhaps as large as can be comfortably treated in a work of a single volume. Of the eighty millions of English-speaking people, three-fourths probably, two-thirds certainly, subsist on wages.

It may be well here to anticipate a hostile criticism. It may be said that we have made our analysis of the laboring population an essential part of our theory of wages, while yet, in fact, no inconsiderable number of persons sustain economical relations which refuse to submit to such a classification. Thus there are persons belonging alternately to the wages and to the stipend class, now employed for profit, now paid out of revenue. In like manner there are persons in every community who are employed as hired laborers during portions of the year, while at other seasons they are engaged in production on their own account in their own shops or on their own small holdings of land.

To this it may be replied that while the recognition of

1 "The (third) class of hired laborers, paid from capital, has so exclusively met the eyes and occupied the thoughts of English writers on wages, that it has led them into some serious and very unfortunate mistakes as to the nature, extent, and formation of the funds out of which the laboring population of the globe is fed, and, as usual, they have misled foreign writers."—R. Jones, Pol. Econ., p. 15.

vast bodies of undistributed wealth which are yet subject to exchange, is here asserted to be necessary to a right understanding of some of the phenomena of wages, the validity of this position does not depend on the possibility of an exact enumeration of the several classes defined. On this point I cannot do better than quote from the admirable chapter on Economic Definition, which Prof. Cairnes, just before his lamented death, added to his treatise on the Logical Method of Political Economy.

"In controversies about definitions, nothing is more common than to meet objections founded on the assumption that the attribute on which a definition turns, ought to be one which does not admit of degrees. This being assumed, the objector goes on to show that the facts or objects placed within the boundary line of some definition to which objection is taken, cannot, in their extreme instances be clearly discriminated from those which lie without. Some equivocal example is then taken, and the framer of the definition is challenged to say in which category it is to be placed. Now it seems to me that an objection of this kind ignores the inevitable conditions under which a scientific nomenclature is constructed, alike in political economy and in all the positive sciences. In such sciences, nomenclature, and therefore definition, is based on classification, and to admit of degrees is the character of all natural facts. As has been said, there are no hard lines in nature. Between the animal and vegetable kingdoms, for example, where is the line to be drawn? . . . It is, therefore, no valid objection to a classification, nor consequently, to the definition founded upon it, that instances may be found which fall, or seem to fall, on our lines of demarcation. This is inevitable in the nature of things. But this notwithstanding, the classification, and therefore the definition, is a good one, if, in those instances which do *not* fall on the line, *the distinctions marked by the definition are such as it is important to mark,* such

that the recognition of them will help the inquirer forward toward the desiderated goal."[1]

THE EXCHANGE OF DISTRIBUTED FOR UNDISTRIBUTED[2] WEALTH.

But it may be asked, what avails it to show that the wages classes, instead of being co-extensive with the labor class, as is assumed in the current theories respecting wages, is only a small fraction of it, communicating with those other great masses of labor, only in the exchange of its completed and marketed products? How can this fact bear on the question, whether wages may be increased actually and permanently? Are not wages governed by exactly the same principles as if the wages class constituted the whole of the labor class, instead of one-fifth, one-sixth, or one-seventh?

I answer, in the first place, that if the wages class is only a fraction of the labor class, that fact should be clearly set forth in discussions of the wages question, and the extent of the interests involved should be, as nearly as possible, indicated. The reader has a right to know whether the principles laid down govern the fortunes of substantially the whole human race, or of only one-fifth or one-seventh of it. The confusion of the labor question with the wages question, is as unnecessary as it is unscientific.

But secondly, I answer that the fact of the production of a vast body of undistributed wealth, portions of which are subject to exchange with distributed wealth, may, and does, powerfully affect the condition of the wages class.

Let us discriminate. So far as undistributed wealth, that is, wealth which is produced entire by one person,[3]

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[1] Log. Meth. Pol. Econ. p. 139–141.

[2] p. 4.

[3] With the assistance, it may be, of his wife and minor children whose labor is, in the eye of the law, his own.

who owns the whole product, is not exchanged but is consumed by the producer, as is the case with probably the major part of such wealth, the world over, no effect on the wages class can be wrought thereby. That wealth, being neither distributed nor exchanged, neither its production nor its consumption concerns other classes of producers. But so far as undistributed wealth is exchanged against distributed wealth, there is a distinct possibility, therein, of gain or loss to the wages class.

It was remarked in our first chapter, that it is as truly impossible to explain all the phenomena of wages, without reference to this outside body of undistributed wealth, as it would be to account for the Gulf Stream, without reference to the colder waters between which, and over which, it flows. We are now in a position to justify this remark. We have seen (chap. x,) that the theory that all burdens are divided and all benefits diffused equally throughout industrial society, rests on the assumption of perfect competition. Industrial society is taken, for the purposes of this reasoning, as composed of economical atoms, absolutely equivalent, possessing complete mobility and elasticity. Given this condition, all that Bastiat has claimed for the economical harmonies, is happily true. The laborer and the employer feel the force of competition equally, and neither has a natural advantage over the other. The laborer feels the force of competition alike as seller of labor and as buyer of commodities. Labor and capital flow freely to their best market. The highest price which any employer can afford to give will be the lowest which any laborer will consent to receive; while, as between any two departments of production, the advantages enjoyed by the laborers, capitalists and employees engaged will be absolutely equalized.

But, on the other hand, it is evident that *the least viscosity of material, the slightest idiosyncrasy of structure must, in a degree, defer, if not entirely defeat, the tend-*

ency to the propagation, through economic media, of any economic impulse. Just so far as men differ in their industrial quality, or are diversely organized in natural or artificial groups, just so far there is the possibility that one person or class of persons may be disproportionately affected by an economic force; may receive more or receive less of the benefit, may suffer less or suffer more of the burden, than his or their just distributive share.

Now the division of the body of laborers into the employed and the non-employed, or independent workmen, is a great structural fact which cannot but profoundly influence the propagation of economic impulses. Doubtless there are compensations in the condition of the wages class; while nothing could exceed the misery of whole nations of peasant proprietors or tenant occupiers, where the government fails to render the protection to which the subject is entitled, or where, as too often happens, the government becomes the plunderer of the people. Yet, through all, we discern in the fact that the wages class are dependent on others for the opportunity and the means to labor, not having, in their own right, possession of the agencies and instrumentalities of production, the possibility of deep and lasting detriment.

I have already expressed the opinion, in criticism of Prof. Cairnes' doctrine of non-competing groups, that competition never becomes *nil*, for practical purposes. But let us for the moment inquire what would be the effects, did the employed and the non-employed constitute two great non-competing groups; that is, did not the employed ever become an independent workman; or the independent workman ever seek employment. We will also suppose competition to be perfect within the employed class.

It is evident that upon these assumptions any economical impulse, for good or for evil, which should be experienced anywhere in the latter class, would extend at once and without loss through the whole body of the employed,

that the burden would be divided or the benefit diffused among the entire mass, action and reaction continuing until equilibrium was everywhere restored. But this impulse would not be propagated across the dividing line between the employed and the non-employed. The economical movement would cease in this direction as abruptly as a vein of gold stops at a new geologic formation. For good or for evil, the non-employed would feel no economical sympathy with the employed. Each group would meet its own fate, individually, by itself. Certain "exchanging proportions" would be established for the surplus products of the two groups; a scale of relative prices would be reached by trade between them; but so long as labor was not free to flow across the line of demarcation there would not be even a tendency to the equalization of the wages of the employed to the average production of the independent workman.

Now, as has been said, there is no such utter failure of competition as is here assumed for the purposes of illustration. The employed do come, in greater or less degree, to be independent workmen; independent workmen do come under employment. The facility with which these interchanges are made depends much upon the nature of special industries, much upon the character of the individual workman, much upon the state of legislation and the social condition of the country. In some lands the movement across the line dividing the employed and the non-employed is very free, many laborers alternating between their own little farms or shops, where they work for themselves by themselves, receiving all advantages and suffering all losses, and the larger estates or factories where they come under direction and control, and receive wages at stipulated rates. In other lands the transition is slow and painful; in some it can scarcely be said to be effected at all.[1] On the whole, it is notorious that interchanges be-

[1] "No English agricultural laborer, in his most sanguine dreams

tween the two groups are comparatively rare; the great mass of the employed never have the choice whether they will set up for themselves; they abide in their lot and share, because they have no resource, the fortune of their class, be that good or evil. The division we have indicated remains incontestibly the greatest structural fact in modern industrial society, telling powerfully upon the rate and direction in which economic impulses shall be propagated.

If this be so, and I do not look to see it questioned by any one, then there clearly is the possibility that one of these groups may profit at the expense of the other, since the only security which could exist for their sharing equally the benefits and burdens of production would be found in the unimpeded interchange of labor. Which of the two is more likely to be the gainer in the exchange of its marketed products, whether it be the independent workman who has possession of the means and materials of production, who can create wealth in his own name and right, and has to ask no man's leave to labor, or the employed workman, will more clearly appear the further we carry our discussion of the conditions of the wages class in modern industrial society.

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has the vision of occupying, still less of possessing, land."—Rogers' Hist. of Agr. and Prices, I, 693.

CHAPTER XIII.

THE CAPITALIST CLASS: RETURNS OF CAPITAL: RENT AND INTEREST.

Of capital it is not necessary to discuss here either the origin or the office. Many economists carefully exclude land from the lists of capital. What Ricardo calls "the original and indestructible[1] powers of the soil," not being the creation of labor, and commanding, as they do, for their possessor, an annual remuneration, over and above the proper returns of labor (as determined by the yield of the poorest soils under cultivation), are, these writers hold, not in the nature of capital.

But whatever be the economical nature or the social justification of rent, the facts that land almost everywhere bears its price proportioned to this annual income; that a great part of all the land in possession to-day in civilized countries was actually acquired by purchase, through the payment of undoubted capital; that this interchange of fixed and circulating capital is constantly taking place, land always practically having its price in denominations of capital, capital surely commanding the use or fee of land; and finally that no small part, often by far the greatest part, of the selling price of land represents, on any theory of rent, the actual investment of capital merged indistinguishably with the original productive powers of the soil, these facts justify me, I think, for all present purposes, in embracing alike the proprietors of land and the owners of

[1] Ricardo's theory of rent applies to land only as it is assumed to be

other forms of wealth which may be used productively, in one capital-class.

Capital, then, whether in land or in some other form, if it be employed productively, yields a return to its owner, over and above the remuneration of the labor applied. The laws which govern these returns of capital it is not necessary to discuss here. My only concern with the capital class is to define its membership and ascertain how far that coincides with the membership of the employing class.

But, first, a definition. When capital is employed reproductively by the owner, the generic term, returns, sufficiently describes the increase of production effected thereby. When capital is employed by a person not the owner, "returns" still describe the increased product; but the special terms, rent and interest, come into use to characterize the sums paid out of those returns to the owner. I say "out of those returns," for commonly rent and interest are something less than the amount by which the product has been enhanced, otherwise it would not ordinarily be worth the while to borrow and become responsible for the capital so applied, though it may happen, and not infrequently does, that the desire of the borrower (I use the term here generically, to include the occupier of land) to relieve himself of dependence on an employer, by coming into possession himself of the agencies and instrumentalities of production, may lead him to pay more, as interest or rent, than the returns of capital, measured by the excess of the product over the value of his labor expressed in wages at current rates.

It seems to me best that the words rent and interest should only be used where capital is actually leased or loaned. There is, indeed, highly respectable authority for

unimproved. Differences of fertility wrought by actual applications of capital, are to be compensated on the same principles as investments of equal safety and permanence.

saying of a man cultivating his own land, that he *pays rent to himself*, or of one using his own circulating capital, that he *pays interest to himself*. But it is better to avoid all such strained uses of words which have a precise meaning, by which they fill an important place in economical terminology. Let the returns of capital remain the generic term, while rent and interest are employed only with respect to payments for capital actually leased or loaned.

Who, then, constitute the capital class? Who receive the returns of capital?

With that vast body of property, real and personal, which is employed in production by peasant proprietors, or occupiers of land under a practically indefeasible tenure, whether guaranteed by law or imperative custom, this treatise has nothing to do, except that it may be noted in passing that those who speak of the capitalist as the employer of labor, are obliged to regard these peasant proprietors or occupiers as their own employers, another instance of a perversion of economical terms made necessary by a false analysis.

If we turn to England and Scotland, where the soil is cultivated under farmer-rents, we do not find the owners of land employing agricultural labor to any considerable extent, except in the ornamentation of grounds, payment for which is made out of revenues already acquired, and the sums so paid are hence, according to our definition, not wages, but salary or stipend. Where agricultural laborers are employed for profit in England, it is almost universally by a middle-man, a farmer, who, on the one hand, leases the land from the owner, and on the other agrees with the laborer for his work, by the year, the month, or the day, obligating himself to pay landlord and laborer at fixed rates, and looking to his own enterprise and economy to secure his own remuneration out of a product which varies continually with good or ill fortune, with good or ill management. The English farmer is, however, almost

necessarily the owner of circulating capital to some extent, not only to guarantee the landlord's rent and the laborers' wages, but also to purchase live stock, seed, tools, and machinery, and to make advance of wages while the crops are growing. But he is not necessarily the owner of circulating capital to anything like the extent to which he uses it; good character and a reputation for business capacity will enable him, under the modern organization of credit, to command the use of far more than he actually possesses.

In France, peasant proprietorship gives form to the agriculture of the country; but even under the old régime the seignior-capitalist did not directly employ labor, and Arthur Young pokes fun at the great lords who, desiring the reputation of cultivating the soil, when that had become a fashion in France, let out on shares portions of their estates immediately about the chateau! In the United States the land is, as a rule, held either by persons corresponding industrially to the "peasant proprietors" of Europe, but rejecting that term, and calling themselves very inappropriately "farmers," or by larger operators who hold the fee of the land and cultivate it by hired labor. Land leased for purposes of agriculture is here highly exceptional. But while the legal owner of the land is thus in a considerable degree the employer of labor, it is to a very large extent capital borrowed on note or mortgage which enables him to eke out the purchase money of the "farm," to stock it, and to pay wages in anticipation of the crop.

We thus see that even in agriculture, where the effects of lordship still survive, the capitalist is not necessarily the employer of labor, nor is the employer of labor limited in his operations by the extent of his personal ownership of capital. But if we turn to the department of mechanical industry, in which lordship never had existence, and al. that has survived from feudal times (the trades unions, as

the illegitimate successors of the ancient guilds) is antagonistic to the employer's authority; a department which is eminently the field of "new men," and in which the hereditary principle is reduced to a minimum, we find the assumption that the capitalist is the employer, the employer the capitalist, monstrously unreal. True it is that the employer should be a capitalist, that he should have possession of some accumulations, not only to guarantee[1] the loans he contracts and the wages he becomes responsible for, but also to steady his own operations, lest he should act as one who has everything to gain and nothing to lose; true it is that able employers come to own an increasing share of the capital used in their increasing business; and that the larger their accumulations become, the greater the freedom and strength with which they conduct business. Yet it still remains that the employer is not an employer because he is a capitalist, or in proportion as he is a capitalist. Of capitalists under our modern organization of industry, but a small minority employ labor; of employers few but use capital far in excess of what they own. Moreover the employer who owns little capital; the employer who owns much, and the employer who owns perchance all he employs, are not to be distinguished in their industrial attitude and relations, or in the nature, or, generally we may say, in the extent of their operations; but differ only in the ease, freedom, and security with which they conduct their respective businesses. And that difference is, in ordinary times, not very noticeable. One employer, indeed, is down on the books of the Commercial Agency with A five times repeated, and his paper is known as

[1] Mr. Ricardo makes this distinction in respect to the banker himself. "The distinctive function of the banker begins as soon as he uses the money of others." Yet, though it is the use of other people's money that characterizes the banker, it is important that he should be known or supposed to have money of his own to afford guaranty of his good faith and prudence.

'gilt edged." Another must be content to be rated lower by the Agency, live smaller, pay a little more interest on loans, run around a little more lively before the close of banking hours, and be served after his betters. But the outside world sees very little difference, granting them equality of business ability, in their employment of labor or conduct of affairs.

Who, then, are the capitalists who are not employers of labor? I answer, first, those who by age, sex, or infirmity are disabled from active operations; men retired from business, women of all ages, children and young persons of both sexes, the crippled and incompetent for whom provision has been made; these, in the order of nature, own a large part of the property of the world. If their wealth is in their own hands, they know their limitations, and do not undertake to employ it personally; if their wealth is held for them, the responsibilities of the trustee or guardian are incompatible with the ventures of manufacture or trade. Secondly, those who, from dignity and love of leisure, as is especially the case with men of inherited means, are indisposed to increase their store by active exertions, but live upon their income; and those who are engaged in professions[1] which do not allow the investment of their earnings. Thirdly, the laboring classes, whether receiving wages or salaries, who are able, even out of scanty earnings, to make savings which they are, from the nature of their industrial position, unable to apply personally to production. Small as are the individual contributions of this class to the loanable capital of a community, the statistics of the savings banks show what is the virtue of a large multiplier. There might be added, perhaps should be added, to the vast aggregate of capital thus constituted, the accumulating profits of industries

[1] E. g., Lawyers, physicians, clergymen, architects, engineers, government officials, and the like.

which are already full of capital up to the point of "diminishing returns," where overflow must take place into newer branches of production. Thus no small part of the net annual profits of agriculture in Somersetshire and Hampshire go up to London to be loaned to the manufacturers of Yorkshire and Lancashire;[1] while in the United States the current is reversed, and the manufacturing dividends of New England go to the West to be invested in agriculture, which can still afford to pay eight, ten, and even twelve per cent. Here again we have a large body of capital, which, though the owners of it are employers in some branch of industry, yet goes to swell the aggregate of loanable capital to which employers who are not capitalists, or who wish to be employers beyond the extent which their own capital permits, may resort under the modern organization of credit.

It is so clear that the membership of the capitalist class is not coincident with that of the employing class, notwithstanding the use by the economists of the word capitalist to signify the employer of labor; and the subject of the relation of the capitalist to the employer is, as far as I have occasion to consider it, so simple, that I should not have devoted a separate chapter to this class, but have defined it in remarks introductory of the employing class proper, were it not that I desired to emphasize this my difference with the text-book writers; and secondly and chiefly, that it becomes necessary for me to take exception to the use, by the same writers, of the word Profits, an exception best taken under the present title.

My exception is not on linguistic grounds. Profits, so far as the etymology of the word goes, might include interest, rent, wages, and the gain derived from the conduct

[1] Bagehot's Lombard Street, p. 12.

of business, any one or all of these. The economists generally use the word to express the returns of capital.[1] I propose to express by it the gains of the employing class, letting the returns of capital stand as previously explained in this chapter. By what, then, do the economists express that which I call profits? I answer, that as they refuse to the employing class a separate entity,[2] so they, logically enough, practically deny the existence of profits distinctly from the returns of capital. If the employer, who is assumed to become an employer because he is a capitalist, and to the extent to which he is a capitalist, gives his personal attention and his time to the business, they acknowledge that he receives an addition to his income on that account, which addition they define as "the wages of supervision and management." This they regard as belonging strictly to the category of wages, and treat the case precisely as if the employer or "capitalist" had dispensed with a paid overseer, superintendent, or manager, and drawn the salary of the position himself—otherwise his "profits" are all the proper returns of capital. If he chooses to withdraw his personal attention and retain the overseer, superintendent, or manager, then his "profits" have no such foreign admixture.

But inasmuch as the theory of distribution offered in

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[1] "Profits proper, or interest."—Prof. Rogers, Pol. Econ., p. 139.

"The return for abstinence is profit."—Prof. Cairnes' "Some Leading Principles," etc., p. 48.

[2] As Mr. Amasa Walker is the only systematic writer on political economy, with whose work I am familiar, who recognizes the employers of labor as constituting a distinct industrial class, so he is the only one who gives the word Profits the significance it has in the text. "By the term profits we mean that share of wealth, which, in the general distribution, falls to those who effect an advantageous union between labor and capital . . . . the parties, then, to production are (1) the laborer, (2) the capitalist, (3) the employer, or manager. Each has a distinct province and a separate interest."—Science of Wealth, pp. 279–80.

this treatise requires the recognition of the employers of labor as a distinct industrial class (see Chapter XIV), performing a function of high importance, something beyond "supervision and management," as exercised by hired agents, it is evident that a term is needed to designate the share of this class in the product of industry. Now, while the use which the text-books make of the term Profits is, as has been said, not objectionable on linguistic grounds, that which is here proposed certainly corresponds far better to the popular usage, at least in America. I cannot speak with assurance in respect to the significance of the word in England; but with us, few practical men would understand a manufacturer's or a merchant's profits to include his interest-account. Webster's Dictionary gathers the American sense of the word correctly in the following definition: "The *profit* of the farmer and the manufacturer is the gain made by sale of produce or manufactures, after deducting the value of the labor, materials, rent, and all expenses, *together with the interest of the capital employed*, whether land, machinery, buildings, instruments, or money." And since this use of the word agrees thus with the speech of practical men, while the term, Returns of Capital, is perfectly descriptive of the object to which it is applied, I trust the reader will not revolt at being asked to carry through the further course of this enquiry the definition of Profits, as the remuneration of the employing class, or the gains of business.

According to our analysis and definition, then, the parties to the distribution of the product of modern industry, in its highest organization, and the shares they respectively receive, are as follows:

1. The Wages Class..... Wages.
2. The Capitalist Class..... Returns of Capital (Rent: Interest).
3. The Employing Class..... Profits.

Are the returns of capital already at or near the minimum? A very common answer to complaints respecting the inadequacy of wages, or to schemes for securing their increase, is that the returns of capital are already as low as it is for the interest of the laborers themselves they should go; that if a smaller annual return were to be made to the capitalist for the use of his accumulated wealth, the disposition to save would be so far affected thereby as to reduce the store of capital, and thus diminish employment. I am embarrassed in making quotations from economical writers to show the direction of this argument, by the fact that they generally use the word profits[1] to express the returns of capital (including remuneration for its risk), but with always a possible addition of "the wages of supervision and management." It is, therefore, difficult to say whether, in a specific instance, the rate of interest is referred to alone, or the remuneration of the man of business, after estimating the proper returns of capital, is also included. But as the latter element is treated as of comparatively slight importance, I think I may assume that, when Professor Cairnes says "Profits are already at or within a hand's breadth of the minimum,"[2] he refers chiefly, if not wholly, to the returns upon capital. Of course, if profits be at the minimum, any increase of wages which involved a further reduction in the returns of capital,[3] would unquestionably be detrimental. Prof. Fawcett thus works out the effects of such a reduction: "If profits are diminished, there is not so great an inducement to save, and the amount of capital accumulated will decrease; the wages fund will conse-

1 "Profit: a word which, like many others in political economy, is very loosely applied."—Prof. Rogers' Pol. Econ., p. 5.

2 "Some Leading Principles," etc., p. 258.

3 It has been shown that it is possible that an advance of wages may be made in several ways without involving a reduction either in profits or in the returns of capital.

quently be diminished, and there will be a smaller amount to distribute among the laboring classes." [1]

But I fail wholly to understand what evidence Prof. Cairnes can have had that the returns of capital are at or near the minimum. If he had in view the fact that in England the rate of interest and the returns from capital invested in land are now so low that a continually increasing amount of capital is going abroad to newer countries, this is undoubtedly true; but it affords no proof that the rate of interest in England has reached the point where a further reduction would touch the principle of frugality in the quick. Every dollar of British capital fortunately invested in Australia or the United States helps to cheapen the materials of British manufactures, and to widen the market for British products. So long as these new countries enjoy such extraordinary natural advantages, English capital will doubtless continue to go abroad; but were these countries filled up with capital, so as to bring the rate of interest down to what it is in England, where is the reason for believing that Englishmen would not save their wealth for the sake of an annual return lower than the present? The return to an investor in the British consols, which are regarded as the ideal security, is about three and three-sevenths per cent. per annum. The insurance companies realize about four and one-half per cent. on their investments. Railway shares paying five per cent. a year sell ordinarily close on 100. Could Prof. Cairnes have meant that, if Englishmen could not get five per cent. for their capital, or at least three and three-sevenths per annum, they would consume it in self-indulgence? But we know that the Dutch have accumulated vast savings on still lower inducements, for the rate of interest in Holland long ruled at two and one-half per cent., while the government borrowed freely at two per

[1] Pol. Econ., p. 243.

cent. Nor have we any grounds for assuming that even a lower rate might not find people still saving, be it from profits, from wages, or from the returns of previously existing capital.

One consideration of importance, which is often lost sight of in this connection, is that the motive to save contains an element besides the expectation of an annual income from the accumulation. Saving is also in the nature of an insurance against the casualties of life. The strength of this motive to self-denial for the sake of insurance alone, is seen in communities where there are no banks, as in many of the departments of France, and no means of ordinary investment, where yet vast sums are accumulated by the peasantry.[1] Not the less in countries where banks afford the safe and sure means of deriving present revenue from savings, does this desire to save, as an insurance against the inevitable ills of life, constitute a considerable part of the motive to accumulation. Men would in a degree provide against old age and sickness, provide for the possible widowhood and orphanage of those dependent on them, were there no interest on money; and saving thus, a very low rate of interest on absolutely safe investments would call their funds into productive use.

Now this view, the justice of which cannot, I think, be questioned, affords the means of judging somewhat more critically the statement of Prof. Fawcett just quoted. Prof. Fawcett says, If wages are enhanced, profits are diminished, and hence less capital will be accumulated. But we know, both from the reason of the case and from the statistics of the savings banks, that capital may be accumulated from wages as well as from profits, whether we understand by that term, the returns of capital, or the

[1] European financiers have been more than once astonished by the enormous accumulations of the French peasantry, when these were tapped by a popular loan.

gains of business. Does any one say, a reduction in the rate of interest would affect the disposition of the laborers to save out of their wages equally with the disposition of the capitalist or the employers, to save out of their earnings? I answer, no, decidedly not. The motive to save, for the sake of insurance, operates with far greater force among the laboring class than among the more fortunate classes. Thus, taking the case of a hundred laborers working for one employer, can it be doubted that the desires of all these individuals, even if we make deduction of spendthrifts and drunkards, to provide against old age, sickness, and the premature death of the bread-winner, would constitute a stronger force to direct towards savings an extra thousand pounds of wages, than would the corresponding desire on the part of the single employer, in the matter of an extra thousand pounds of profits? That this would be so in France or Germany, would not, I think, be questioned by any Frenchman or German. If it should not prove so in England, it would be in no small degree due to the fact that the tenure of the land, the true savings banks of the people, has been so much embarrassed by statute and by judicial fictions.

It should, of course, be expected that a large and sudden increase of wages, due to general industrial causes like that which took place four years ago in the iron and coal[1] trades of Great Britain, would, most likely, human nature being what it is, be employed in ministering, more or less, to folly and vice, or squandered in expenditures, not perhaps hurtful in themselves, but unnecessary, and therefore, as against a strong reason for saving, mischievous. The possible increase of wages which I have in view is rather a steady advance due to the increasing mobility of labor from the growth of the industrial virtues, enabling the

[1] Coal rose, between July 1871, and February, 1872 in the proportion of 100 to 256, iron following, though at a considerable interval.

wages class to resort more promptly to their market, and to press their employers more closely with a truly effective competition. Wages thus won would, in general, be well employed.

So much for that desire to make savings as an insurance against the contingencies of life and health, which is one element of the principle of frugality. Of the other, and doubtless more important, element, the desire to secure an annual income from investments, or from the personal use of capital, it is not necessary to speak here at any length. I know no reason for believing that interest in any country has reached its minimum, that is, the point where the desire to spend overpowers the disposition to save, in such a proportion of instances as to waste capital, or to prevent it from increasing proportionally to population and to the opportunities for its reproductive use at current rates.

It is quite another question whether it makes any difference whether the returns of capital are at the minimum, or are very much above that point. I have already [1] quoted a paragraph from Prof. Perry in which he takes the ground that if, from any cause, an undue amount of the product of industry goes to the share of the capitalist-employer, nothing can defeat the tendency that the excess shall be restored to wages. Prof. Cairnes, in his "Leading Principles," has expressed himself on the same question as follows:

"Thus, supposing," he says, "a group of employers to have succeeded, as no doubt would be perfectly possible for them, in temporarily forcing down wages by combination in a particular trade, a portion of their wealth previously invested would now become free—how would it be employed? Unless we are to suppose the character of a

[1] Pp. 81-2.

large section of a community to be suddenly changed in a leading attribute, the wealth so withdrawn from wages would, in the end, and before long, be restored to wages. The same motives which led to its investment would lead to its reinvestment, and once reinvested, the interests of those concerned would cause it to be distributed amongst the several elements of capital in the same proportion as before. In this way *covetousness is held in check by covetousness*, and the desire for aggrandizement sets limits to its own gratification."

The doctrine here seems to be that the desire for accumulation, or aggrandizement,[1] is a constant force, and thus the effects of covetousness, through the employer's efforts to give the laborer as little as may be for his services, are compensated by the effects of covetousness through the employer's efforts to make a profit on the amount thus saved by again employing it in the purchase of labor. The motives to investment and reinvestment are therefore equal.

Now it seems to me that this doctrine is inconsistent with any recognition of the varying strength of the economical motives. While in particular instances, with persons of the miserly disposition, the passion for accumulation may grow with increasing wealth, the observation of every one must convince him that, with the vast majority of men, especially in this age of refinement and of artificial wants, the impulse to spend luxuriously acquires force, after the comforts and decencies of life are once provided for, faster than the impulse to save; that large incomes are not applied as severely and judiciously to further getting as are moderate incomes; that the rich expend their revenues with a lavishness, a capriciousness and a heedlessness which are unknown to men of smaller means. If this be so, and, with full regard to no inconsiderable num-

[1] Pp. 278–9.

ber of particular instances to the contrary, I do not think it will be denied, then the motives to reinvestment cannot be held to be necessarily equal to the motives to investment; and instead of covetousness being held in check by covetousness, luxuriousness comes in to consume a portion at least of such excessive gains.

It needs to be noted, moreover, that, upon Prof. Cairnes' own doctrine of "non-competing groups,"[1] it would not follow that the sums thus taken from one body of laborers in excessive profits will be restored in wages to the class or classes suffering such losses. Capital having, on Prof. Cairnes' statement, a much higher degree of mobility than labor, the body of laborers to be benefited by such restoration of profits to wages, will not necessarily, or even probably, be identical with that which was in the first instance depleted. And if a right distribution of the products of industry be important to secure the highest industry and zeal in future production, then incontestibly, in addition to all considerations of the iniquity of thus bleeding one class for the benefit of others, we have a strictly economic argument against the theory of the practical indifference of the present proportions of wages and profits.

But we may go further and say that all this kind of reasoning in economics which makes the employing or the capitalist class, in a state of imperfect competition, the guardians of the wages class, in such a way that it really doesn't matter whether the laborer gets all the wages he might, or even at any specified time, gets any at all, because excessive profits will further enrich those other classes who hold their wealth as a sort of sacred trust for him, so that at another time he will get all the more, if he gets less or nothing now—all this sort of reasoning is much to be dis-

[1] See p. 194.

trusted. And I cannot sufficiently express my astonishment that an economist of Prof. Cairnes' eminent ability, who made the most important contribution ever offered in modification of the theory of competition, and who pointed out the frightful hiatus in Bastiat's composition of the Economical Harmonies,[1] should have fallen into the trap at this point. Anything more contradictory of his own doctrine of the extensive failure of competition, and the want of harmony between the interests of the workman and the employer, as each understands his interests and is prepared to act with reference thereto, than this assumption of the certain restoration to wages of all sums taken for excessive profits, it would be impossible to conceive.

It is a poor rule that doesn't work both ways. Yet writers who hold it to be of no consequence at all that the "capitalists" should, by pressure brought upon the laborers, reduce their wages below the equitable point, since the extra profits thus acquired are certain to be restored to wages, seem to regard it as a subject of just apprehension lest laborers should, by trades unions or strikes, bring a pressure to bear, on their side, which might reduce profits unduly. But why should not such extra wages be *restored to profits*, just as certainly, peacefully, and automatically? What difference does it make if the "capitalist," in any given time or place, gets an inadequate profit, or indeed no profit at all? He will only get just so much more the next time. Certainly, if the laborer can wait to have excessive profits restored to wages, the "capitalist" can wait to have extra wages restored to profits.

This notion of a see-saw between wages and profits is well hit-off in a story which Governor Winthrop tells: "I may upon this occasion report a passage between one of Rowley and his servant. The master being forced to sell

[1] See p. 164.

a pair of oxen to pay his servant his wages, told his servant he could keep him no longer, not knowing how to pay him the next year. The servant answered him that he would serve him for more of his cattle. But how shall I do (saith the master) when all my cattle are gone? The servant replied, *you shall then serve me, and so you may have your cattle again.*"[1] Surely, if a man becomes an employer in industry, only because he is a capitalist, and as he is a capitalist, the servant in this story was not more of a wag than of a political economist.

No, in a state of imperfect competition, the employer is not the laborer's guardian, or the trustee of his earnings. The workman's legitimate wages are a great deal better in his own pocket, or standing in his own name on the books of the savings bank, than paid into the hands of the employer as extra profits. The reasoning to the contrary, on the assumption of a vital harmony of interests, cannot fail to remind one of the economical plea, with which it is point by point identical, once so widely urged, that the owner's interest would abundantly protect the slave against physical abuse or privation. It is also closely analogous with the political plea by which the privileged classes have always sought to show that it really didn't matter how much political power was entrusted to them; that the interests of rich and poor, high and low were indissolubly bound up together, so that if one suffered, all must suffer with it; and that, therefore, the class most intelligent, most apt for government, having most leisure for public affairs, with, moreover, the largest stake in society, might safely be trusted to make and execute all laws, their own true and permanent interests prohibiting them from any and every course prejudicial to the lower classes, who

[1] History of New England, II. 219–20.

could not, it was urged, be in any way oppressed but that social and industrial disorders would afford immediate retribution for the neglect of duty or abuse of power on the part of their self-constituted guardians.

The argument is a very pretty one, but alas! and alas! what a dreary and sickening tale is that of the exactions and oppressions of the Old Régime! There is no class fit to determine its own rights and prescribe the duties of others. Inevitably will tyranny be engendered, whenever there is weakness or helplessness on the one side. *Noblesse oblige;* and the sentiments of compassion and charity go far to mitigate the natural severity of legislation and administration; but, after all, there is only one way in which the rights of any body of men can be secured, and that is by being placed in their own keeping.

CHAPTER XIV.

THE EMPLOYING CLASS: THE ENTREPRENEUR FUNCTION: THE PROFITS OF BUSINESS.

We have seen (Chapter I.) that much confusion has been introduced into the theory of wages by the economists carrying the classification which results from their analysis of functions in production over into the distribution of wealth, assuming, it would seem, that industrial functions must needs characterize distinct industrial classes. We have seen that, in fact, the laborer and the capitalist are largely the same person; and that no division of the product into shares, representing the claims of different parties, in such cases takes place. We have now to note a further source of error in the almost universal neglect by the text-book writers to make account of an industrial function which, while, the world over and history through, it characterizes a class no more[1] than labor or capital, does yet, in the most highly organized forms of industry, especially in these modern times, characterize a distinct and a most important class. This class comprises the modern employers of labor, men of business, "captains of industry." It is much to be regretted that we have not a single English word which exactly fits the person who performs this office in modern industry. The word "undertaker,"

[1] Thus the peasant proprietor takes all the responsibilities of production, determines its courses and its methods, and acts, so to speak, as the *entrepreneur* in respect to his own little affairs, at the same time owning the capital employed and performing all the labor.

the man who undertakes, at one time had very much this extent; but it has long since been so exclusively devoted to funereal uses as to become an impossible term in political economy. The word "adventurer," the man who makes ventures, also had this sense; but in modern parlance it has acquired a wholly sinister meaning. The French word "entrepreneur" has very nearly the desired significance; and it may be that the exigencies of politico-economical reasoning will yet lead to its being naturalized among us.

This function, then, of the man of business, middleman, undertaker, adventurer, entrepreneur, employer, requires to be carefully discriminated.

The economists, almost without exception, have regarded capital and labor as together sufficient unto production, the capitalist being the employer, the laborer being the employed. It may fairly be presumed that the failure to recognize a third party to production, the middleman, has been due in part to the fact that these writers have been accustomed to take their illustrations of the offices of labor and capital from the savage state, or at least from a very primitive condition of industry. The bow, the spear, the canoe, are the favorite subjects when it is to be shown how it is that the results of labor may pass into the form of capital; how it is that capital may assist current labor; and how it is that a reward can be given to capital out of the product of industry without any wrong being done to the laborer. And it is true that when the forms of production are few and simple, and when the producer and the consumer are either the same person, or are found in close proximity, the possession of capital is the one sufficient qualification for the employment of labor; and, on the other hand, a supply of food and of tools and materials is all that labor needs to institute production.

But when, in the development of industry, the forms of production become almost infinitely numerous and compli-

cated; when many persons of all degrees of skill and strength must be joined in labor, each in his place contributing to a result which he very imperfectly, if at all, comprehends; when the materials to be used are brought from distant fields, and the products are in turn to be scattered by the agencies of commerce over vast regions, the consumers constituting an ill-defined or an undefined body, personally unknown to the producer or any immediate agent of his; then a reason for an employer exists which is wholly in addition to that which exists in a primitive condition of industry. The mere possession of capital no longer constitutes the one qualification for employing labor; and, on the other hand, the laborer no longer looks to the employer to furnish merely food and the materials and tools of the trade; but to furnish also technical skill, commercial knowledge, and powers of administration; to assume responsibilities and provide against contingencies; to shape and direct production, and to organize and control the industrial machinery. And, moreover, so much more important and difficult are the last specified duties of the employer; so much rarer are the abilities they require, that he who can perform these will find it easy to perform those; if he be the man to conduct business, capital to purchase food, tools, and materials will not, under our modern system of credit, long be wanting to him. On the other hand, without these higher qualifications, the capitalist will employ labor at the risk, or almost the certainty, of total or partial loss. The employer thus rises to be master of the situation. It is no longer true that a man becomes an employer because he is a capitalist. Men command capital because they have the qualifications to profitably employ labor. To these, captains of industry, despots of industry, if one pleases to call them so, capital and labor alike resort for the opportunity to perform their several functions. I do not mean that the employer is not in any case, or to any extent, a capitalist; but that he is

not an employer simply because he is a capitalist, or to the extent only to which he is a capitalist.

Now all this is evident to any man who looks carefully on our modern industry. Yet the economists, having made their analysis of production in a primitive state wholly neglect these later developed duties of the employer, this new and far higher function; and insist on regarding the capitalist as himself the employer. They resolve the entire industrial community into capitalists and laborers;[1] and divide the whole product between the two. To the contrary, I hold that no theory of the distribution of wealth, in modern industry, can be complete which fails to make account of the employing class, as distinguished in idea, and largely also in its *personnel*, from the capitalist class.

It would, I admit, be difficult to prove the importance of the entrepreneur function in industry, just as it would be difficult by argument to establish in the mind of an objector, a true conception of the functions of the general in war. Those who know nothing about warfare might believe that campaigns could be conducted on the principle of popular rights and universal suffrage. Why not? There is the *materiel* of war (capital) in abundance; here are the soldiers (laborers), who, if any fighting is to be done, will have to do the whole of it; why should not these soldiers take those guns, and do their work? In much the same way, those who know little practically about production are easily persuaded that the troublesome and expensive "captain of industry" may be dispensed with, and his place occupied by a committee or a mass meeting.

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[1] "The ultimate partners in any production may be divided into two classes, capitalists and laborers. . . . If the distributor be the capitalist, the share of the laborer is called wages. If the distributor be the laborer, the share of the capitalist is called either interest or rent."—Hearn's Plutology, pp. 325-7.

We have had but few instances of actual attempts to conduct campaigns on the town-meeting plan, the most notable, perhaps, being the crusade of Walter the Penniless and the first Bull Run; but there have been numerous efforts made to get rid of the entrepreneur, and it is in the almost universal failure of such efforts that we have the highest evidence of the importance of this functionary in modern industry. Coöperation,[1] which is nothing more or less than the doing away with the middleman, has several distinct advantages, of vast scope, in production; yet these have been weighed down again and again, even under conditions most favorable to the experiment, by the losses resulting from the suspension of the employing function. Let those who resolve the industrial community into capitalists and laborers only, and divide the whole product between these two classes, explain, if they can, the failures of coöperation.

It has been said that the omission of the economists to recognize the employers as a distinct class in modern industry, is presumably due, in part, to the tendency to go back to the savage, or to a very primitive state, for illustrations of the nature and offices of labor and capital. But I believe that it is also in part due to the fact that the real employing class is covered up, more or less, from casual view, by what may be called a false employing class, many times more numerous. This false employing class, as I make bold to call it, is composed of several considerable bodies of so-called employers.

1. Those who hire servants or retain assistants who are to be paid out of revenues already acquired. Reasons have already[2] been assigned for removing persons so engaged or employed from the wages class, and treating them by themselves as the "salary or stipend class." Of

[1] A wholly erroneous conception of coöperation, due to the neglect of the entrepreneur-function, is exposed on page 264.

[2] P. 215.

course, the same reasons require the removal of their masters or patrons from the lists of the employing class. If we were to consider the domestic servants, alone, of England and the United States, we should find the so-called employers to be far more numerous than those who pay wages to laborers whom they hire for profit. No wonder that when those who are paid out of revenue are confounded with those who are paid out of the product of their labor, the inclusion of the masters of the former class should obstruct the view of the far less numerous employers of the latter class.

2. In this false employing class are large numbers of artisans who have single apprentices. Such an artisan might, for instance, earn $500 a year by his own unassisted labor, while his gains by the apprentice's services might be $50. So far, doubtless, he is an employer of labor, and his gains are entitled, on a nice judgment of the case, to be called "profits;" but these bear so small a proportion to his other source of income, and he is, in his capacity of employer, of so little account, that we cannot afford to be encumbered by carrying him on as the employer of a third or a fifth part of an able laborer. A single cotton manufacturer or iron master may employ a thousand times, or five thousand times, as much effective labor. It is of more importance that we should see the cotton manufacturer and the iron master in their true relations to the great body of labor seeking employment, than that we should trouble ourselves about the economical status of the fraction of a laborer who is perhaps, at present, spoiling more material than his work is worth. The principle of the law, *de minimis non curatur*, applies with even greater force in political economy. What we need in studying the problem of distribution is not a nice theoretical classification, but a just and strong exhibition of the great groups of our modern industrial society.[1]

[1] For remarks of Prof. Cairnes regarding the office of economic definition, see page 218.

3. Another large body which we need to exclude, temporarily, at least, from the employing class, in order that we may get a proper view of its real constitution, is that where the condition is one of nominal employment but of substantial partnership. This includes a great number of cases where two men, or perhaps three, of a trade, approximately equal in skill and experience, the work of the one being merely a repetition of the work of the other, labor together at the bench, one being recognized as the master, the other receiving wages; yet where the reason for one being the employer and the other the employed is so slight, the equality of skill and experience so well maintained, the character and the profits of the business so well understood by him who receives wages, and the ability of that person to set up for himself so evident, that the employer virtually becomes little more than the senior member of a partnership where the nominal wages and terms of service are scaled to give a substantial equality of remuneration, with some slight compensation to the senior member for extra trouble and responsibility.

4. There remains to be characterized a fourth class of persons to whom I do not wish to deny the title of employer, but whom it is desirable for the moment to isolate, those, namely, who, having mistakenly become by occupation the employers of labor, through helplessness or false pride cling to the skirts of the profession, and remain in a small and miserable way conductors of industry, following humbly and at a distance the example of leading houses; content, in flush times, to make a little profit on a little product, using generally antiquated machinery, consuming materials of doubtful quality, and making a low class of goods, but shutting up promptly on the first intimation of hard times, or just so soon as competition becomes close and persistent. Numerically the men of this class constitute a considerable proportion of every trade; but if we consider the aggregate product, their part is comparatively slight.

I do not mean to embrace in this class any manufacturer merely because his establishment is a small one. It would be easy to show that in some departments of production, perhaps in most, petty establishments fill a place, take up a certain amount of labor not otherwise employed (as, for instance, the labor of the wives and daughters of agriculturists in the immediate neighborhood), find a distinct market to which, in a homely but useful way, they adapt themselves perhaps better than the monster factory can do. The commerce of the world requires not only the ship of 5,000 tons, but the schooner, the lighter, and the dory.

Yet of no small part of these petty establishments which make short runs from point to point between storm and squall, it may be boldly asserted that they answer no true industrial purpose. Their only *raison d'être* is found in the fact that their proprietors, having committed themselves to the profession of the entrepreneur, having come into the possession of a certain amount of the machinery and agencies of production, and being unable to betake themselves, at the point of life they have reached, to another occupation, or being unwilling to so openly confess failure, can pick up a very poor living in this way. And of employers of this sort, it is significant to note, laborers are not apt to be jealous. They are known to have a pretty hard time of it. Their lot is not envied, and they commonly receive the sympathy of the general community and of their hands; while the successful captain of industry, who amasses a giant fortune, is regarded by not a few as having despoiled the laboring class. Yet it is incontestable that the profits of the former constitute by far the heavier tax, dollar for dollar, upon the product of labor. Nothing costs the working classes so dearly, in the long run, as the bad or merely commonplace conduct of business.

Putting aside for the moment the several classes enumerated, we have plainly in view the real employing class of our modern industrial society: a comparatively small body of men, who control the destinies of labor no more than they do the destinies of capital. These men constitute a class strictly limited in numbers, and dealing most despotically, as indeed they must, with the outside world. The conditions of admission are a long self-initiation, a high premium of immediate loss, and a great degree of uncertainty as to ultimate success. Into this guild, in these modern days, no aspirant for profits needs to be inducted with ceremonies, or first invited by the existing membership. All are in theory free to enter; but the number who venture is closely restricted by the known conditions of business. Those only undertake it who are able, or, like the rowers of Mnestheus, think they are able, to sustain the ordeal of fierce and unrelenting competition; while those who have the courage to venture are continually sifted by commercial and industrial pressures and panics, so that only the fittest survive.

I have no wish to idealize the successful employer of labor. He may easily be found to be a very unamiable and a very uninteresting person. For the perfect temper of business something doubtless of hardness is needed, just as it is the alloy of baser metal which fits the gold for circulating in the hands of men. A little too much sensibility or a little too much imagination, is often a sufficient cause of failure in the stern competitions of business. The successful entrepreneur need not even understand the theory of trade, or be a financier in the larger sense of that word. A kind of subtle instinct often directs the movements of the ablest merchants, bankers, and manufacturers. They know that the market is about to experience a convulsion, because they know it; just as the cattle know that a storm is brewing. They not only could not give reasons intelligible to others for the course they take; they

do not even analyze their intellectual processes for their own satisfaction.

It is not necessary to draw the outlines of the representative entrepreneur. Living illustrations will rise before the mind of every reader, far more vivid than any art of mine could execute. M. Courcelle-Seneuil, in his *Opérations de Banque*, has grouped the qualities the employer should possess: "du jugement, du bon sens, de la fermeté, de la décision, une appréciation froide et calme, une intelligence ouverte et vigilante, peu d'imagination, beaucoup de mémoire et d'application." [1]

I said that the real employing class is comparatively small. I do not speak alone of those employing workmen by the thousand or the ten thousand, or even of those alone whose pay-rolls count up hundreds of hands.[2] If we go down to the captains of fifties and the captains of tens, it still remains true that the bulk of the wage-labor of England, France, Germany, and the United States, is controlled by a small, choice band of men, who are masters in industry because, whatever be their social quality, in industry they are masterly. To call these men the creatures of their workmen, and speak of the sums they exact in royalty on all the business which passes through their hands, as "the wages of supervision and management," seems to me as idle a fiction as it would have been to call the seigniors under the Old Regime the social representatives of the *tiers etat*, and to speak of the sums they lavished in pomp and pleasure, as their "allowances."

Are profits already at the minimum, so that we may

[1] P. 392.

[2] Thus, even in Austria, one of the most backward of European countries in the organization of industry, we find that 493 employers provide lodging for not less than 59,343 workmen. In France, Messrs. Schneider & Co. ("Le Creusot") employ 10,000 workmen. Anzin employs 15,000 under a single direction. At the great cannon foundry of Krupp, at Essen in Westphalia, between 8,000 and 10,000 are employed. In Great Britain, like gigantic establishments abound.

not look to see an increase of wages obtained from this source? Much of what has been said relative to the asserted restoration to wages, of all sums which may go in excessive returns to capital, applies equally in the case of excessive profits, the remuneration of the man of business, the employer, the entrepreneur. It cannot safely be assumed that, to use Prof. Cairnes' phrase,[1] covetousness be held in check by covetousness, inasmuch as luxuriousness will inevitably enter to absorb a portion of such undue gains. But here still another reason appears, namely, that, as the part of the employer in production is active; not abstinence, as in the case of the capitalist, but exertion; in addition, then, to the effects of luxuriousness, excessive profits will, with no small proportion of employers, allow the native propensity to indolence and ease of life to enter to take something from the zeal and enterprise with which business is conducted. It is only the exceptionally ambitious and resolute who will wholly withstand this propensity. So that when Prof. Perry says, "If, in the division between profits and wages, at the end of any industrial cycle, profits get more than their due share, these very profits will wish to become capital, and will thus become an extra demand for labor, and the next wages fund will be larger than the last,"[2] I am obliged to take the exception that a portion of these profits, so far as Prof. Perry includes in that term the gains of the man of business, will wish to become fine horses and houses, fine clothes and opera boxes; while another portion will wish to take the form of coming to the office an hour later in the morning and going home an hour earlier in the afternoon.

Hence, if we cannot safely assume that it is a matter of indifference to the wages class whether a little more or less goes in profits to the employer, it becomes of importance

[1] P 238.

[2] The Financier, August 1, 1874.

to inquire whether there is any reason to believe that profits are already at the minimum. And as to this, one can have no hesitation in saying that the probabilities are strongly against such a supposition. The present average rate of profits, or annual aggregate of profits, has notoriously been reached as the result of unequal competition, in which employers have been active, alert, and mobile, while laborers have been, in a great degree, ignorant and inert, resorting to the right market tardily, or mistakenly to the wrong market. It does not follow that because the laborers have lost heavily by this failure of competition, the employers have gained it all. Much has been lost to the laborers and to the world. Nowhere does the monopolist gain all that others lose by him. Yet the employing class have profited, and still profit, greatly by this partial immobility of labor. The lowest price which any laborer will receive for his services is no longer the highest price which any employer can afford to give.

In the first part of this work, when treating of production, I had occasion to show that the wages of the laborer might be increased in several ways without diminishing profits, the explanation being that the laborer's efficiency will be increased proportionally or more than proportionally. In dealing with the problem of Distribution, the laborer's efficiency will be assumed constant, and I shall inquire what causes may operate to increase the laborer's share of the product, not the absolute amount of his wages.

And, first, let it be noted that a gain might be effected through a reduction in what may be called the cost of employment, without involving any reduction in the aggregate profits of employers as a body. Let me illustrate: I was much struck at the complaints made at some of the meetings of agricultural laborers in England during the lockout of 1874, that many of the employers were hard-drinking men and poor farmers, and that if they attended more closely to their business and managed it better, they

could afford to pay higher wages. Now no one should lightly credit the complaints of angry men; nor was there any reason to suppose that the farmers of the lockout section comprised more than the usual proportion of dissolute and negligent employers. What occurs to me as noticeable in this matter is the correctness with which these laborers apprehended the principle that when men who are unfit to conduct business force themselves into the employment of labor, it is at the expense of labor. The theory of competition assumes the intelligence and capacity of the employer to see and follow his own interests.[1] His doing this is (assuming the mobility of labor) to be the very means by which the laborer's interest is secured. If the employer fails in this requirement of intelligence and capacity, it may be not the better but the worse for the laborer. Bad business management is the heaviest possible tax on production, and while the incapable employer gets little for himself, the laborer loses heavily in the rate or the regularity of his wages.

Now, several causes may help to swell the proportion of incapable employers. Shilly-shally laws relating to insolvency do this; fictitious currency does this; truck does this.[2] Each of these causes enables men to escape

[1] Errors in directing production are never offset one against another, as mistakes in computation so often are with a result of substantial accuracy. Whether the employer err in being too timid or too venturesome, loss is alike sustained, an injury is suffered which is without compensation. There is no balancing of one mistake against another in industry.

It is needless to say that the employer is almost always either too timid or too venturesome. The perfect temper of business, we might suppose, is found in no living man. But the sterner the responsibility to which the employer is held, the more steady and severe the competition to which he is subjected, the nearer will be the approach to this ideal, the less will be the waste in production due to mis-direction of the industrial force.

[2] The evidence before the Committee of 1854 brought out strongly this feature of the truck system; that it was chiefly resorted to by

the consequences of incompetency, and to hang miserably on to business, where they are an obstruction and a nuisance. Any thing which should decisively cut them off, and remit them to subordinate positions, would be a great gain to the laboring classes, and very likely, in the result, prove a real relief to themselves. Slavery, in like manner, enables men to control labor and direct production who never would become, on an equal scale, the employers of free labor; and it is not more to the inefficiency of the slave than to the incompetency of the master, that the unproductiveness of chattel labor is due.

The lower the industrial quality of free labor, the more ignorant and inert the individual laborer, the lower may be the industrial quality of the men who can just sustain themselves in the position of employer. Men become the employers of cheap labor who would never be the employers of dear labor, and who ought not to be the employers of any sort of labor. The more active becomes the competition among the wages class, the more prompt their resort to market, the more persistent their demand for every possible increase of remuneration, the greater will be the pressure brought to bear upon such employers to drop out of the place into which they have crowded themselves at the cost of the general community, and where they have been able to maintain themselves only because the working classes have failed, through ignorance and inertness, to exact their full terms.

But, secondly, a rise of wages due to a quickened competition on the part of the wages class, might be to a very great extent compensated by increased zeal, energy, and

small and doubtful establishments which thus contrived to make up, by "sweating" the wages of their operatives, what they could not make in legitimate profits, and thus kept themselves alive. Indeed, the excuse most frequently urged by truck masters was that, but for gains thus realized, they would be obliged to give up business. It is needless to say that the sooner such employers are driven out, the better for the laboring class.

economy on the part of the really able men of business. It does no man good to have much odds given him; and the inertness of labor has always a mischievous effect even upon the best of the employing class. So far as the increasing demands of the laborer are due to his greater vigilance, activity, and social ambition, we may be pretty sure that these demands will be responded to fully by the entrepreneur. Whether we consider business on its side of enterprise, or on its side of economy, we shall find that it does the manager no harm to be sharply followed up. Where large margins are afforded, there is likely to be much waste; and, on the other hand, no man does his best except when his best is required. "It was an axiom of the late Mr. John Kennedy, who was called the father of the cotton manufacture, that no manufacturing improvements were ever made except on threadbare profits." Mr. Babbage, in his Economy of Manufactures,[1] has shown that inventions and improvements in the mechanical arts have sometimes been healthfully stimulated by the goadings of industrial distress; and Mr. Chadwick has given an interesting exposition[2] of the manner in which the increasing pressure of competition has served to promote the commercial ventures which have successively widened the market for British manufactures. But surely we need no "modern instances" to establish a principle so old and familiar. The weighty words of Gibbon: "the spirit of monopolists is barren, lazy, and oppressive," apply to all production in just the degree in which competition is defeated or deferred, whether by the force of law, or by the ignorance and inertness of the laboring classes.

Perhaps as good an illustration as could be given of the effects of increased competition in winnowing the employing class of its least efficient members, and stimulating

[1] P. 294. [2] Statistical Journal, xxviii. 3–5.

the enterprise and the economy of those who survive the process, is afforded by the course of English agriculture since the repeal of the Corn Laws, a measure which the landed interest believed at the time would be absolutely fatal, and which, indeed, would have ruined that interest but for the saving virtue of the forces here invoked. Yet English agriculture never stood on a better foundation than to-day: the gains of the farmer probably were never larger through an equal term of years. The reason is that the repeal of the Corn Laws, and the opening of English markets to the bread-stuffs of the world, put the agricultural interest on its mettle; the farmers found that they must abandon the old clumsy and wasteful ways; break up the old clumsy and wasteful machinery; pay higher wages for better work; breed only from the choicest stock; make improvements in every process of cultivation, from selecting the seed to garnering the grain; find some chance for saving, every day, from harvest round to harvest again, and that, too, without pinching useful expenditures. These things the farmers of England had to do, and consequently did them. The less energetic and thrifty, one by one, dropped out of a contest so severe and unremitting; those who survived studied their business as never before, scanned their expenses as men do who have small margin for waste, brought the latest results of chemical and physiological science into their selection of crops and of breeding animals, made a business, and not a drinking bout, of the annual fair, set up agricultural clubs, compared notes among themselves, and read Mr. Caird's letters in the *Times*.

But, thirdly, a rise of wages due to a quickened competition on the part of the wages class become more intelligent, frugal, and self-assertive, should it proceed so far, after exhausting the two resources already named, as to cut into the profits of the employing class, as a whole, would bring a partial compensation in the increased dig-

nity and the heightened intellectual gratification attending the conduct of business and the control of labor, under such a condition. I have said, in a previous chapter, that the pride of directing great operations, and the sense of power in moving masses of men at will, could not, at present at least, be relied upon, primarily or principally, as furnishing the motive to production on the part of the employing class. And yet we know these do enter, in no inconsiderable degree, to make up the remuneration of the entrepreneur. It is true that but a small portion of the human race are much alive to these feelings, but it is also true that the men of the entrepreneur stamp are just those of all in the world to respond to such impulses.[1]

We have a very pleasant and instructive picture, by Mr. Gould in his report to the British government in 1872, of the relations existing between the employer and the laborer in Switzerland. No country has achieved industrial success under heavier disadvantages. No continental country has developed a higher order of business managers. The Swiss employers maintain themselves against a severe and unremitting competition only by the constant exercise of all the industrial virtues. But the Swiss laborers are politically and socially their equals. The employer has no feeling of degradation in the contact: the laborer no feeling of inferiority. Perfect democracy and universal education have cast out all notions of that sort as between free Switzers. Hence the employers of labor of every class, even such as are wealthy, are found in general among their men, not to be distinguished from

[1] "As, even when relieved from the pressure of necessity, the large-brained Europeans voluntarily enter on enterprises or activities which the savage could not keep up, even to satisfy urgent wants; so their larger brained descendants will, in a still higher degree, find their gratification in careers entailing still greater mental expenditures."—H. Spencer, Principles of Biology, II. 520.

them in appearance, and taking hold freely with them at any part of the work, as occasion serves.[1]

I cannot but believe that, as the working classes advance in individual and mutual intelligence, and push their employers closer with a more searching and vital competition, more and more will the reward of the employer come to consist of the zest of intellectual activity, the joys of creative energy, the honor of directing affairs, and the social distinctions of mastership.

For after all, it must be remembered that the employment of labor is an occupation, as truly as is manual labor itself; and that the body of employers must continue to employ labor, or find other ways and means to live. To assume that employers generally are going to leave business on account of a reduction of profits, would be more sensible if it were shown that they would also leave the world on that account. Not a little of the reasoning in books as to what employers will do, or capitalists will do, or laborers will do, if something happens which they cannot be expected to like, practically assumes that men have a choice whether they will be born into this world or not; and that, once in it, if they are not satisfied, they have at hand one or more eligible spheres into which they can pass, easily and gracefully, with a perfect assurance of welcome; and that indeed they will be quite likely to do so, unless treated with distinguished consideration here.

[1] Mr. Gould's Report, p. 346. Mr. Bonar reported in 1870: "In enumerating the highly favorable circumstances in which the Swiss working man is placed, prominence must be given to the immense extension of the principle of democracy, which, whatever may be its defects and dangers from a political point of view, when pushed to extremes, serves in Switzerland, in its economical effects, to advance the cause of the operative, by removing the barriers dividing class from class, and to establish among all grades the bonds of mutual sympathy and good will."—Report, p. 271. Coxe, in his travels in Switzerland during the last century, notes the frank, courteous assumption of absolute equality on the part of the Swiss peasantry.—(Pinkerton, V. 657).

Whereas, the most of us, in this world, do, not what we would like, but what we must, or the best we can; and I entertain no manner of doubt that long after profits should be forced down, if that were to happen, below what might be deemed an equitable rate, the superior men of every country, the men of thought, of prudence, and of natural command, would be found directing and animating the movements of industry.

CHAPTER XV

COÖPERATION: GETTING RID OF THE EMPLOYING CLASS.

In its first and largest sense, coöperation signifies the union in production of different persons, it may be of different classes of persons, and it may be on the most unequal terms. In this sense, coöperation is compatible with the subordination of the employed to the employer and with the existence of industrial "principalities and powers." In the sense which has been made of late years so popular, and in which alone it will be used in this treatise, coöperation means union in production, upon equal terms. It is democracy introduced into labor.

It is as we turn from discussing the industrial character of the employing class, that we can most advantageously consider the schemes proposed, under the title of coöperation, for the amelioration of the condition of the wages class; and, at the same time, it is as we try to find the real significance of these schemes that we realize most fully the confusion introduced into the theory of distribution by the failure to discriminate the entrepreneur-function, and by the undue extension of the word profits. In my opinion, it is simply not possible to give an intelligible account of coöperation through the use of the definitions by the text-book writers. If what we have called the profits of business are only "the wages of supervision and management," what is it that coöperation aims to effect? Supervision and management must still be exercised, or coöperation will come to a very speedy end. If super-

vision and management are to be exercised, it must be by some one, and if the present supervisors and managers (the employers, as I call them) are to be turned adrift or reduced to the ranks, then these duties will have to be performed by men now taking some other part in industry, and to them "the wages of supervision and management" will be paid. Wherein have the workmen gained anything? It is fairly to be presumed that these peculiar and difficult duties will not be performed any better by men chosen by caucus and ballot, than by men selected through the stern processes of unremitting business competition.

If the wages of supervision and management are to be paid, in manner and in amount, as heretofore, to supervisors and managers chosen by the workmen themselves, we can readily understand that the pride of the workmen may be gratified (whether that will tend to make them more easily supervised and managed, is a question we need not anticipate); but wherein is the economical advantage? If it is said, wages are not to be paid to the supervisors and managers, under the coöperative system, equal to those paid under the existing industrial organization, while yet the work is done as well, what does this amount to but a confession that the sums now received by the employers are not wages, but something more than, and different from, wages; the difference in amount representing the power given to the employer by his industrial position to wrest an undue share of the products of industry?

To repeat: if, under the coöperative system, the work of "supervision and management" is to be done by a new set of men for the same "wages," the workmen will gain nothing; if, on the other hand, the workmen, controlling the operations of industry for themselves, can get the work done for less (and the great promises held out as to the benefits of coöperation would imply that it must be

for very much less), then it must be concluded that employers at present receive something more than and different from wages.

But if we find it difficult to conceive what account one could give of coöperation, using the definitions of the text-books, we find that, if we stand aside and allow the text-book writers to state it in their own way, the result is not a whit the more happy. Prof. Cairnes, so highly distinguished for his justness and clearness of reasoning, stumbles, at the very threshold of the subject, across an obstacle of his own devising. Thus in the very act of bringing forward the scheme of coöperation as a cure for the industrial ills of society, he makes a statement of coöperation which reduces it to a nullity: "It appears to me that the condition of any substantial improvement of a permanent kind in the laborer's lot is that the separation of industrial classes into *laborers* and *capitalists* shall not be maintained; that the laborer shall cease to be a mere laborer—in a word, that *profits* shall be brought to reënforce the *wages fund*." [1] And again, more tersely: "The characteristic feature of coöperation, looked at from the economic point of view, is that it *combines in the same person the two capacities of laborer and capitalist*." [2] This needs but to be looked at a moment to reveal its utter fallacy. Remember, this is not the declaration of an irresponsible philanthropist that every workman ought to have a palace and a coach, but the grave statement of an accountable economist as to the manner in which the welfare of the working class may, under economical condi-

[1] "Some Leading Principles," etc., p. 339.

[2] "Essays on Political Economy." How singularly unfortunate this would be as a definition, even were Prof. Cairnes not mistaken in his general view of coöperation, will be seen when we say that the above would be a very good description of a peasant proprietor, or small American farmer. He "combines in the same person the two capacities of laborer and capitalist." Is he a coöperator?

tions, be advanced. What is this industrial panacea? Why, the laborers are to become capitalists. A most felicitous result truly; but how is it to be accomplished? By saving their own earnings? But this they can and do accomplish at present; and, through the medium of the bank of savings, they may and do lend their money in vast amounts to the employing class (oftentimes to their individual employers), and thus, under the present system profits (in Prof. Cairnes' sense) may be and are "brought to reënforce" wages. Is it, then, by saving somebody else's earnings, and bringing the profits thereof to "reënforce the wages fund"? But this is spoliation, confiscation, a resort which no one would be before Prof. Cairnes in denouncing, and whose disastrous consequences to the laborers themselves no one could more forcibly portray.

We see, therefore, that Prof. Cairnes' statement is a form utterly without content. Coöperation is to be an admirable thing, because in coöperation the workmen are to be both laborers and capitalists. But if we inquire how they are to become capitalists, otherwise than at present, we fail to find an answer.

No! Coöperation, considered as a question in the distribution of wealth, is nothing more or less than getting rid of the employer, the entrepreneur, the middleman. It does not get rid of the capitalist. In modern industrial society, that society which Prof. Cairnes is contemplating when he finds the condition of the workman hard and requiring relief, there are three functions, not two merely; and the reform to be effected through coöperation, if indeed coöperation be practicable, is by combining in the same person, not the labor function and the capital function, but the labor function and the entrepreneur function.

What then is the attitude of laborers in coöperation? To the employer they say: You have performed an im-

portant part in production, and you have performed it well; but you are now relieved. You have charged too high for your services. Your annual profits, taking good years and bad together, are greater than we need to pay to get the work done, if we will take the responsibilities of business on ourselves, and exercise a forethought, patience, and pains we have had no call to exercise while you were in charge. Up to this time the state of the case has been this:

1. A product, varying with seasons and circumstances multifarious.

2. Our wages, fixed; you making yourself responsible for their payment, whatever be the character of the season or the state of the market, yourself receiving nothing till we are paid.

3. From a variable quantity deducting a fixed quantity leaves a variable remainder, viz., your profits fluctuating with good or bad fortune, good or bad management.

Hereafter the state of the case will be:

1. A product, variable, so long as the laws of nature remain the same.

2. A fixed salary paid to a manager whom we select, and to whom we make ourselves responsible with whatever we possess, meanwhile receiving nothing till he is paid.

3. From a variable quantity deducting a certain quantity leaves a variable result: our earnings, no longer called wages, greater in good years, smaller in bad years; greater as we labor with zeal and conduct our business with discretion, smaller as we fail in either respect.

One word more before we part. We intend no disrespect. With workmen who are ignorant, dissolute, unwilling to subordinate the present to the future, incapable of organization, such services as you are qualified to render are absolutely indispensable; and we will not say that such remuneration as you exact is excessive. But we pro-

fess better things. We are prepared to exercise patience, industry, economy, and to subject our individual desires to the general will, for the sake of dividing among ourselves the profits you have been accustomed to make out of us.[1] We know it will be hard; but we believe it can be done. If men are not fit for an industrial republic, then they must submit to the despot of industry, and they have no right to complain of Civil List and Privy Purse. But we are republicans, cheerfully accepting all the responsibilities of freedom, and boldly laying claim to all its privileges.

This is, in effect, what the laborers, by coöperation, say to the entrepreneur. Do they give the capitalist his congé after the same fashion? Do they assert independence of him, and ability to go along without him? Not in the least. Not a word of it. Coöperation is not going to rid them of dependence on capital. They are to be just as dependent on the capitalist as were their employers whose place they aspire to fill. They know that they must have just as much and just as good machinery, just as abundant and good materials, as competing establishments under entrepreneur management. So far as they themselves have capital, the results of their savings out of past wages, they will employ these and receive the returns therefrom directly, instead of lending it to the entrepreneur through the savings bank and getting interest therefor. So far as they want capital for their operations over what they can scrape together, they must go to the banks or to private lenders, and pay as high a price for its use as their quondam employer was wont to do; indeed, for

[1] "A scheme . . . by which the laborer can unite the functions and earn the wages of laborer and employer by *superseding the necessity of using the services of the latter functionary.*"—Prof. Rogers, Pol. Econ., 108. This is a strictly accurate, and but for the regretable use of the word wages, would be a felicitous, statement of the design of coöperation.

awhile at least, probably a higher price, as their credit will not be likely to be so good at first as his. And if coöperation should start earliest, and make most progress, in those industries where the amount of capital required is comparatively small, this would be but a recognition of the fact that coöperation has no tendency to free the laboring class from any domination of capital, of which complaint may have been made, but that its sole object is to

GET RID OF THE ENTREPRENEUR.

Such being, as I apprehend it, the true nature of coöperation, let us inquire as to the advantages which may be anticipated from it, if accomplished; as to the obstacles to be encountered by it; and as to the probability of its success in any such measure as to afford an appreciable relief from the peculiar hardships of the wages class. Let it be remembered that it is the question of wages, and not the question of labor, which coöperation aims to solve. The welfare of labor depends on the laws of production, under the rule of diminishing returns, taken in connection with the laws of population. The question of wages is a question in the distribution of wealth, and arises out of the dependence of a portion of the laboring population upon the entrepreneur-class for employment.

What, then, might we fairly look to coöperation to accomplish?

Considering the scheme from the laborer's point of view, we say:

First, to reap the profits of the entrepreneur, which are very large,[1] large enough if divided among the wages

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[1] "Double interest is, in Great Britain, reckoned what the merchants call a good, moderate, reasonable profit." *Adam Smith* 1, 102. Sir Arch. Alison gives as an argument against what would practically be coöperation, that the profits if divided among the laborers, "would not make an addition to them of more than thirty or forty per cent" —(*Hist. Europe*, xxii, 237.) "Profits" here include both the returns of capital and the gains of the middleman. Prof. Senior says; "it

class to make a substantial addition to their means of subsistence.

Second: to secure employment independently of the will of the "middle man." It has been shown in a previous chapter, that the interest which the employer has in production is found in the balance of profit left after the payment of wages. The payment of these, perhaps to the extent of ten, twenty, or fifty times his profit, is to him merely a necessary means to that end. It may be, as has been said, that his relations to a body of customers shall be such as to induce him to continue producing even though, for a time, he sinks his own profit. After the effect of this has been exhausted, however, and it is soon exhausted, he will pay wages only to get a profit. But the condition of the market will often be such as to render him exceedingly doubtful of his profit, or even apprehensive of a loss; and then his whole interest in production ceases. Because he can not see his way to make ten or five thousand dollars profit, he is ready to stop a production, the agencies and instrumentalities of which are wholly at his command, which involves the payment of one or two hundred thousand dollars in wages. Now, with reference to such an oft recurring condition of industry, a body of workmen may properly say that, while they cannot blame the employer for refusing to risk the payment of such large amounts in wages to them, without a reasonable assurance of getting it back, with a

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may be laid down generally, that in no country have profits continued for any considerable period at the average rate of fifty per cent per annum." (*Pol. Econ.*, p. 140.)

Mr. Purdy estimates the division of the annual product of the land of England and Wales as follows:

Landlord's share (returns of capital)	£42,955,963
Farmer's share (profits)	21,477,981
Laborer's share (wages)	39,766 156
	£104,200,100

[*Statistical Journal* xxiv, 358.]

profit, in the price of the goods, yet they are much disposed to take the responsibility of production upon themselves. Thus, especially in branches of manufacture where the value of the materials bears a small proportion to the value of the finished goods, they might propose to go on producing moderately in spite of the most unfavorable aspect of the market, on the ground that they might just as well be laboring as lying idle, and sell the product for what it would bring. All they should thus receive would be clear gain, as against a period of enforced idleness, and it might not infrequently happen that, on settling up their venture, they would find a turn in the market giving them a compensation as large or nearly as large as usual.

But it may be asked why should not the employer in times of business depression, agree with his workmen to pay them whatever he should find in the result he could afford. But this would be coöperation, slightly disguised. The essence of wages is that they are stipulated beforehand: the essence of profits is that they are, as DeQuincey calls them, "the leavings of wages," and therefore vary as the product varies under the varying conditions of industry, natural or artificial. It is of the essence of the relation of employer and employed, that the employer secures to the employed their wages, and after that, appropriates his own remuneration. Were the employed to consent to give the employer his profit first, and take their wages afterwards, their relations would merely be reversed. Five hundred mill hands entering into this arrangement would become a body of coöperative producers; the so-called manufacturer would become simply their paid manager, their hired man.

It is true that arrangements for a "sliding scale" of wages, adapted to the market price of the product, are sometimes entered into in coal and iron mining; but these cover only a portion of the ground embraced in the

coöperative plan, as the cost of materials and transportation, rent, interest, and the general expenses of business management, may vary so greatly as very much to reduce, and at times to destroy, the employer's expectations of profit, in spite of the sliding scale of wages.

Such, as we understand the matter, are the two economical advantages for which the wages class look to coöperation. There is still another advantage, non-economical and therefore not in our province, namely, the getting rid of the feeling of dependence and the securing of a higher social standing.

In addition to the advantages which the wages class have generally in contemplation when plans of coöperation are proposed, the political economist sees three advantages of high importance which would result from this system if fairly established.

First: coöperation would, by the very terms of it, obviate strikes. The employer being abolished, the workmen being now self-employed, these destructive contests would cease. The industrial "non-ego" disappearing, the industrial egotism which precipitates strikes would disappear also. Second: the workman would be stimulated to greater industry and greater carefulness. He would work more and waste less, for, under the coöperative system, he would receive a direct, instant, and certain advantage from his own increased carefulness and laboriousness. It is true that the pressure thus brought to bear upon the individual laborer is not so great as in the case of the individual proprietor of land, since there the gain is all his own, while here the workman has to divide with his fellow-coöperators the advantages of his own extra exertions, looking, though not with absolute assurance, to receive an equivalent from each of them in turn. Third: the workman would be incited to frugality. He has at once furnished him the best possible opportunity for investing his savings, namely, in materials and implements

which he is himself to use in labor. Especially in the early days of coöperative industry, when the great need of coöperators is capital, will this pressure be felt, constraining the workman to invest in his trade all of his earnings that can be spared from necessary subsistence. Capital thus saved and thus invested is likely to be cared for and used to the best ability of the coöperators. They will make the most of it, for it will have cost them dear.

The additional considerations that coöperation tends to improve the moral, social, and political character of the workman, by giving him a larger stake in society, making his remuneration depend more directly on his own conduct, and allowing him to participate in the deliberations and decisions of industry: these considerations, being non-economical, belong to the statesman and the moralist.

Here are several distinct advantages, not fanciful but real and unquestionable, which together make up an argument for coöperation which is simply unanswerable and overwhelming, unless there is validity in our theory of the character and functions of the employing class.

In spite of these marked advantages, however, we have to note that coöperation in mechanical industry has achieved a very slight and even doubtful success. Mr. Frederick Harrison has called attention in the Fortnightly Review [1] to the fact that the vast majority of all the coöperative establishments maintained in England are simply stores, *i. e.* shops, "for the sale of food and sometimes clothing." "These, of course, cannot affect the condition of industry materially. Labor here does not in any sense share in the produce with capital. The relation of employer and employed remains just the same, and not a single workman would change the conditions of his em-

[1] Fortnightly Review, III., 482.

ployment if the store were to extinguish all the shops of a town."

The industrial coöperative societies, Mr. Harrison continues, are mainly flour mills and cotton mills. The flour mills chiefly supply members, though they often employ persons unconnected with the society, at ordinary market wages, and on the usual terms. They are joint-stock companies, for a specific purpose, like gas or railway companies. The only true instances of manufacturing coöperative societies of any importance are the cotton mills. "Some of the mills never got to work at all; some took the simple form of joint-stock companies in few hands; others passed into the hands of small capitalists, or the shares were concentrated among the promoters. In fact, there is now, I believe, no coöperative cotton mill, owned by working men, in actual operation, on any scale, with the notable exception of Rochdale. . . . Here and there, an association of bootmakers, hatters, painters, or gilders, is carried on, upon a small scale, with varying success. . . . But small bodies of handicraftsmen (or rather artists), working in common, with moderate capital, plant and premises, obviously establish nothing."

This is certainly a discouraging account to come from a labor-champion, at the end of thirty years of effort, and after the inauguration of so many hopeful enterprises which have enjoyed an amount of gratuitous advertisement, from philanthropic journals and sanguine economists, which would have sufficed to sell a hundred millions of railroad bonds, or make the fortunes of a hundred manufacturing establishments.

A later writer gives a not more encouraging picture: "A large proportion of all coöperative societies are dealers in food, provisions, and articles of clothing, consumed chiefly by themselves and families. Others, but in a small ratio, are manufacturers of flax, spinners of cotton or wool, and manufacturers of shoes, etc. But very few of them

succeed; and the failures are to be found chiefly in these attempts at production." [1]

The same tale comes from France, where these enterprises were inaugurated during the revolutionary period of 1848. M. Ducarre's report of 1875, from the Commission on Wages and the Relations between Workmen and their Employers, claims even less success for coöperative production in that country than is reported in England and Germany.[2]

In Switzerland, the nursery of accomplished artisans, whose citizens are trained in self-government more perfectly than those of any other country in the world, we find, at the latest date for which the facts are given,[3] only thirteen small coöperative societies of production. In these inconsiderable results, if not failure, of coöperative manufacturing, we find the most striking testimony that could be given to the importance of the entrepreneur-function in modern industry. Small groups of highly skilled artisans—artists, Mr. Harrison would call them—carefully selected, using inexpensive materials and small "plant," and working for a market[4] close at hand, perhaps for customers personally known, may achieve success by the exercise of no impossible patience and pains. But where laborers of very various qualifications, of all ages and both sexes, are to be brought together in industries

[1] Social Science Transactions, 1871, p. 585.

[2] "Les sociétés coöpératives n'ont pas eu jusqu'à ce jour en France le succès qu'elles ont obtenu, soit en Angleterre, soit en Allemagne. . . . En France, les societés de production n'existent qu'à l'état de minimes exceptions"—pp. 264–5.

[3] Report of Mr. Gould, on the Condition of the Industrial Classes, 1872, p. 355.

[4] "Pour la petite industrie, les placements sont en quelque sorte assurés; le marché est là sous les yeux du producteur, il en peut à chaque instant consulter les besoins, il reconnait à des signes certains l'engorgement et la pléthore, aussi bien que l'insuffisance et la disette." —Blanqui (aîné), Cours d'Économie Industrielle, II., 62.

which involve a great many processes requiring differing degrees of strength and skill, and which produce goods for distant, and perhaps, at the time of production, unknown markets, we see as yet scarcely a sign of the services of the employer being dispensed with. What, then, is the reason for this comparative failure of industrial coöperation? I answer, the difficulty of effecting coöperation on a large scale is directly as its desirableness. It is solely because of the importance of the entrepreneur-function that the employing class are enabled to realize those large profits which so naturally and properly excite the desires of the wages class; and it is for precisely the same reason that it is found so difficult to get rid of the employing class.

The qualities of the successful entrepreneur are rare. We need only to look around us, within the most limited field, and for the shortest time, to see how vast a difference is made by the able, as contrasted with the merely common-place, not to say bad, conduct of business; and how great losses may be incurred by the failure to realize all the conditions of purchase, production, and sale. And the more extensively markets are opened by the removal of commercial restrictions, the more intense competition becomes under the opportunities of frequent communication and rapid transportation, the richer the prizes, the heavier the penalties, of the entrepreneur; the wider the breach between the able and the commonplace management of business. In these days, a person who should, upon the strength of respectable general abilities, undertake a branch of manufacture to which he had not been trained, and in which he had not long been exercised in subordinate positions, would run a serious risk of sinking a large part of his capital in a few years, it might be in a few months; and this, without any great catastrophe in trade, or any flagrant instance of misconduct in the opera-

tions undertaken. Simply not to do well is generally, in production, to do very ill.

It is, of course, hard for workmen to see such large amounts taken out of the product to remunerate the entrepreneur, leaving so much the less to be divided among themselves; and the ambition which leads them to attempt to earn these profits by undertaking this part in industry, is wholly honorable and commendable. But it is clear that it is a great deal better, even for the workmen, that this heavy tax should be paid to the entrepreneur, than that production should be carried on without the highest skill, efficiency, and energy. The proof is that, as a rule almost without exception, those employers who make the highest profits are the employers who, when regularity of employment is taken into account, as it ought to be, pay the highest wages. Business must be well conducted, no matter how much is paid for it: that is the first condition of modern industrial life. The question who shall conduct it, must, even in the interest of the working classes, be secondary and subordinate.

Is it asked, why may not the men who have the knowledge, skill, and experience requisite for the conduct of business, be employed as agents of coöperators, receiving wages for their services? In the first place, I answer, the same men cannot conduct the same business as well for others as for themselves. You might as well expect the bow to send the arrow as far when unbent as when bent. The knowledge that he will gain what is gained; that he will lose what is lost, is essential to *the temper* of the man of business. No matter how faithfully disposed, he simply cannot meet the exigencies and make the choices of purchase, production, and sale, if the gain or the loss is to be another's, with the same spirit as if the gain or the loss were to be all his own. That alertness and activity of mind, that perfect mingling of caution and audacity, those unaccountable suggestions of possibilities,

opportunities, and contingencies, which, at least, make the difference between great and merely moderate success, are not to be had at a salary.[1]

Yet I do not claim that the effect of this would extend so far as to neutralize all the great advantages[2] of coöperation. If a body of workmen possessed the faith and patience necessary to carry them through the period of outlay and experiment, if they had the good judgment to select the best manager they could find, the good sense to pay him enough to keep him solidly attached to them, and the good humor to support him heartily, submit promptly to his decisions, and remain harmonious among themselves, coöperation might become a triumphant success with them. But let us see how much all this demands from poor human nature.

In the first place, there is the all-important choice of a manager. Not to dwell on the danger of a body of workmen mistaking presumption for a true self-confidence, a brave show of information for thorough knowledge, an affected brusqueness for decision of character; or being led away by the plausibility and popular acts of a candidate, we have the almost certainty that such a body would, in the result, lose the best man, if not by turns every competent man, through indisposition to pay a sufficient salary. In his address before the Coöperative Congress already quoted, Mr. Thomas Brassey asked: "Where shall we find coöperative shareholders ready to give £5,000 a year for a competent manager? And yet the sum I have

[1] "It is impossible to hire commercial genius, or the instincts of a skilful trader."—Fred'k Harrison, Fortnightly Review, III, 492.

[2] "I am confident that the manual operations will be skilfully and probably more diligently performed in a coöperative establishment. The personal interests of the workmen will be so directly advanced by their application and perseverance that they will naturally work hard. But their best efforts will fail to ensure a satisfactory result, unless the general organization is perfect also."—Mr. Brassey, at Halifax. The *Times'* Report.

named is sometimes readily paid by private employers to an able lieutenant."[1] But it is not merely an able lieutenant, but a "captain of industry," that coöperators must secure, if they are to conduct purchase, production, and sale in competition with establishments under individual control. Can we imagine such a body paying $50,000 a year to a manager, when they receive on an average not more than $500 themselves? Would not jealousy of such high wages sooner or later, in one way or another, overcome their sense of their own interest? Even if we suppose them intellectually convinced of the expediency, upon general principles, of paying largely for good service, will they not be found calculating that for this particular manager this particular sum is altogether too much, or, without any disparagement of his merits, experimenting to see how much they can "cut him down" without driving him off, an experiment always dangerous, always breeding ill-feeling, and preparing the way for a separation. For why should the man who has the skill and knowledge necessary to conduct business on his own account be content to remain on a salary greatly below the amount he might fairly expect to earn for himself? Is it said his salary is regular and his profits always more or less uncertain? But the men of the temper to conduct business are not generally timid men or self-distrustful; they like responsibility and the exercise of authority—it is a part of their pay. Nor are they averse to a risk well taken; it braces them up and makes the game exciting. Is it said that want of capital may constrain some of the best men to seek employment at the hand of such associations? This is true, in a degree, and here is one of the possibilities of coöperation. Yet if a man have the real stuff in him, want of capital is not likely long to keep him under. The history of modern industry teaches that.

[1] The *Times'* Report.

Getting into business in the most humble way, the merchants from whom he buys his materials, those to whom he sells his products, and the bankers to whom he resorts with his modest note,[1] all soon take his measure, and when they have taken his measure they give him room. Genius will have its appointed course: antagonism and adversity only incite, inspire, instruct.

We have thus far spoken only of those difficulties of coöperation which attend the selection and retention of able managers. On the difficulties to which this is but an introduction, arising out of the tendency to intrigue which exists in all numerous bodies, and the disposition to meddlesomeness on the part of committees or boards of directors,[2] I need not dwell. A sufficient lively impression of them is likely to be created by the merest mention. I will only further refer to an embarrassment which attends the extension of the coöperative plan to all branches of manufacture which employ laborers of very different degrees of industrial efficiency. Thus, in a cotton or woolen mill are to be found persons of both sexes and of all ages, earning under the present system from a few pence up to as many shillings a day. Under the coöperative plan, how is the scale of prices to be fixed? To say that all should be paid alike would be monstrous, impossible. It would be grossly unjust, and would be quite sufficient to wreck the enterprise from the start.[3]

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[1] My honored father has told me of the discussion once held over a note for $250, offered at the bank of which he was a director, signed with the then unknown name of James M. Beebe.

[2] Mr. Thornton (On Labor, p. 441) argues that while societies of workingmen may be unable to administer their affairs directly, they may be competent, like political societies, "to provide for their own government." To the contrary, Mr. Harrison urges (Fortnightly Review, III., 492) that "he who is unfit to manage, is unfit to direct the manager."

[3] Mr. Babbage has shown (Econ. of Manufactures, p. 172–183) that the earnings of persons employed in the production of pins, in his day,

But if the laborers are to be paid at different rates, who, I ask again, is to determine the proportions in which the product shall be divided? How is general consent to be obtained to a scheme which must condemn the great majority to receive but a contemptible fraction of their proportional share? Without general consent, what chance of harmonious action? But if we suppose the scale of distribution to be fixed, who is to assign the *personnel* of the association to their several categories, to say that this man shall go into one class, and that man, who thinks quite as well of himself, shall go into a lower class? Is there not here the occasion, almost the provocation, of disputes and bad blood highly dangerous to such an enterprise?

I have no desire to multiply objections to this system or to magnify the scope of those that offer themselves to view. Heartily do I wish that workingmen might be found rising more and more to the demands which coöperation makes upon them; but I entertain no great expectations of success in this direction. The reduction of profits through increasing intelligence, sobriety and frugality on the part of the wages class, securing them a prompt, easy and sure resort to the best market, is the most hopeful path of progress for the immediate future. There are of course some departments of industry where the services of the entrepreneur can be more easily dispensed with, than in others. Here coöperation under good auspices may achieve no doubtful success.

It would appear that if coöperation could be introduced anywhere, it would be in agriculture: yet in no

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ranged from 4½d. to 6s. If the workmen who were capable of doing the higher parts of the work (pointing, whitening, etc.) were to be put to making the whole pin, through all the ten processes described, the cost of the pins would be three and three-quarter times as great as under the application of the division of labor, with payments to each workman according to his capacity.

department of production have the experiments tried proved less satisfactory.[1] One reason which, in addition to those already enumerated, will probably always serve to delay the extension of the coöperative system in this direction, is the great difficulty of determining the actual profits of a year or a term of years, with reference, as is essential, to the value of unexhausted improvements. So long as the coöperators hold together and divide the yearly produce, all goes well; but if at any time one desires to withdraw, and men will not enter into associations of this character without the right of retiring, at pleasure, without forfeiture, the question of undivided profits becomes of the most serious importance. To settle it with absolute justice is simply impossible,[2] and no method of arriving roughly at a result of substantial justice, is likely to avoid deep dissatisfaction and sense of wrong.

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[1] An apparently successful experiment in this direction obtains notice in Prof. Fawcett's Pol. Econ., pp. 292–3, note.

[2] Perhaps the difficulty of the problem will be best outlined, to those who are not familiar with this special subject of undivided profits, or "unexhausted improvements," in agriculture, by presenting the following classification of tenants' expenditures on the soil, which was embraced in the Duke of Richmond's Bill of 1875. That bill divided improvements into three categories; permanent, wasting and temporary. In the first class were included reclaiming, warping, draining, making or improving watercourses, ponds, etc., roads, fences, buildings, and the planting of orchards and gardens. With respect to these, it was proposed that an outgoing tenant should be allowed compensation for the unexhausted value of such of them as he might have made within 20 years of the termination of his tenancy with the written consent of his landlord. The second class included liming, claying, chalking, marling, boring, clay-burning, and planting hops, and it was proposed that the tenant should be able to claim for these processes, if done within seven years of the end of his tenancy, no consent being necessary. So also with respect to the third class—consuming by cattle, sheep, or pigs, of corn, cake, or other feeding stuffs, or using artificial manures—where, however, a claim could not go back beyond two years.

The difficulties of industrial coöperation have been so manifest that schemes have been suggested for avoiding them in great part, by methods which should sacrifice a proportionally smaller part of the advantages looked for from coöperation. Among these schemes, one, which seems to have been first definitely brought forward by Mr. Babbage,[1] has been tried upon a considerable scale. By this plan, which may be called one of partial coöperation, the employer is induced to admit his workmen to a participation to a certain extent in the profits of manufacture, while himself retaining the full authority and responsibility of the entrepreneur. By this plan the employer might fairly hope to attach his workmen to himself by more than the slight tie of daily or monthly employment, and to interest them so directly in the production of the establishment, as to secure a greater activity in labor and more carefulness in avoiding waste. The resulting advantages to the workmen would clearly be both moral and economical. There is quite a body of literature relating to the experiments in this direction, of MM. Leclaire,[2] Dupont, Gisquet, and Lemaire, in France; of the Messrs. Briggs, owners of extensive collieries and others in England;[3] of a few manufacturers in a small way in Switzerland,[4] of M. Cini, an extensive paper manufacturer of Tuscany,[5] and the Messrs.

[1] In Mr. Babbage's admirable little work on "the Economy of Manufactures," published in 1832, a plan of industrial organization is proposed on the idea that "a considerable part of the wages received by each person employed should depend on the profits made by the establishment." (pp. 249–50.)

[2] J. S. Mill, Pol. Econ., ii. 335–7.

[3] Thornton "On Labor," pp. 369–84—McDonnell's Survey of Pol Econ. 220–1.

[4] Report of Mr. Gould on the condition of the industrial classes 1872, p. 355.

[5] Report of Mr. Herries on the condition of the industrial classes of Italy. 1871 p. 234–5.

Brewster,[1] carriage manufacturers, of Broome st., New York. That something of the sort is practicable, with the exercise of no more of patience, pains and mutual good faith than it is reasonable to expect of many employers and many bodies of workmen, I am greatly disposed to believe. Many experiments, and probably much disappointment and some failures, will be required to develop the possibilities of this scheme, and determine its best working shape, yet in the end I see no reason to doubt that such a relation will be introduced extensively with the most beneficial results.

The objections which have been shown to exist to *productive* coöperation do not apply with anything like equal force to *distributive* coöperation, so-called (but which could more properly be termed *consumptive* coöperation), that is, the supplying of the wages class with the necessa-

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[1] The proposal of the Messrs. Brewster was most honorable at once to the good feeling and to the sagacity of the members of the firm, especially Mr. J. W. Britton, with whom the enterprise originated. The firm offered to divide ten per cent of their net profits among their employees, in proportion to the wages severally earned by them, no charge to be made by the members of the firm for their services prior to this deduction of ten per cent, or for interest on the capital invested; the business of each year to stand by itself, and be independent of that of any other year. This handsome proposal was accepted by the employees, and an association formed. The plan worked to the satisfaction of all parties, as high as $11,000 a year being divided among the hands: but at the great strike of the trades in New York three years ago, the workmen of this establishment were carried away by the general excitement, and the strong pressure brought to bear upon them from the outside; and the scheme was abandoned. So long as it worked, it worked well; and showed that the plan had no financial or industrial weaknesses. The failure was at the point of patience, forbearance and faith, a very important point; but may not masters and men be educated up to this requirement, in view of the great advantages to result?

ries of life through agencies established and supported by themselves.

By productive coöperation, workmen seek to increase their incomes.

By distributive or consumptive coöperation, they seek to expend their incomes to better advantage. They no longer seek to divide among themselves the profits of manufacture, but the profits of retail [1] and perhaps even of wholesale [2] trade.

The advantages of this species of coöperation are:

First: the division among the coöperators of the ordinary net profits of the retail trade.

Second: the saving of all expenses in the line of advertising, whether in the way of printing and bill posting, or of the decoration of stores with gilding and frescoing, with costly counters, shelves, and show cases, with plate glass windows and elaborate lighting apparatus, or of high rents paid on account of superior location. The aggregate saving on these accounts is very large. The "union" store may be on a back street, with the simplest arrangements, yet the associates will be certain to go to it for their supplies, without invitation through newspapers or posters.

Third: a great reduction in the expenses of handling and dealing out goods. The retail trader must be prepared at all times to serve the public, and he does not dare to greatly delay one while serving another, lest he should drive custom to a rival shop. He is therefore

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[1] For remarks of Messrs. Mill and Cairnes respecting the "excessive friction," and consequent undue profits and expenses of retail trade, the reader is referred to page 313–5.

[2] Very recently the coöperative societies of England have decided on a new and far reaching step, and have undertaken the importation of foreign supplies required for their numerous stores and shops. This step evidently involves a very large addition of responsibility and risk, without, as I should apprehend, a proportional gain in the event of success.

obliged to be at an expense for clerks and porters far exceeding what would be required were the trade of the day somewhat more concentrated. Some curious results of observations concerning the average number of customers in shops in London, are given in Mr. Head's paper before the Social Science Association,[1] which may be summarized as follows:

1st observation: time, 4 to 6 o'clock P. M.; in 88 shops there were 76 persons = .86 persons to a shop.

2d observation: time, 11 A. M. to 1 P. M.; 54 persons in the same 88 shops = .61 persons to a shop.

3d observation: time, 2 to 4 P. M.; 114 persons = 1.3 persons to a shop.

Average of the three observations: .92 persons to a shop.

Now coöperators can effect a great saving in this respect. Being sure of their custom, they can control it, and concentrate it into a few hours of the day, or perhaps of the evening wholly.

Fourth: a saving, of vast moment, in the abolition of the credit system, involving as that does the keeping of books, the rendering of accounts, and much solicitation of payment, and, secondly, a very considerable percentage of loss by bad debts.

Fifth: security, so far as possible with human agencies, against the frauds in weight and measure and in the adulteration of goods, which are perpetrated extensively under the system of retail trade, the poorest customers being generally those who suffer most.

The difficulties of consumptive are fewer and less severe than those of productive coöperation. To handle and sell goods is a much less serious business than to produce them. When once marketed, the contingencies of production are past, the quality of the goods is already deter-

[1] Transactions, 1872, pp. 449–50.

mined, and in the great majority of cases, only moderate care is required to prevent deterioration. Then again, the profits of retail trade are relatively higher, for the capital and skill required, than the profits of manufacture; and hence there is more to be gained by total or even a partial success. Finally and chiefly, the *destination* of the goods is already practically provided for; the members are certain to take off what is bought, if only ordinary discretion is used; waste and loss are therefore reduced to the minimum.

There are, therefore, powerful reasons, in the nature of the case, for the success of consumptive coöperation. The facts bear out the prognostication, although even this form of association has had many disappointments and often come to grief, not always from causes easily to be determined. "Coöperation," says Mr. Holyoake, the historian of the movement in England, "is the most unaccountable thing that is found amongst the working classes. Nobody can tell under what conditions it will arise. Why it flourishes when it does, and why it does not flourish when it should, are alike inexplicable. Why should it succeed in Rochdale, Blaydon, and Sowerby Bridge, and never take root in Birmingham, Sheffield, or Glasgow? There is no place in Great Britain so unlikely as Sowerby Bridge to produce coöperators. There are no places so likely as London, Manchester, Liverpool, Leeds, and Sheffield. Yet coöperators in some of these places make no more progress than a society of Naggletons. In Sheffield the socialists have tried coöperation; the Methodists have tried it; the Catholics have tried it; but neither Owen, Wesley, nor the Pope have any success in that robust town, where mechanics have more advantages, independence, and means, and as much intelligence as in any town in England." [1] We may fairly presume that the case is not alto-

[1] Soc. Science Transactions, 1864, p. 6–8.

gether so mysterious as Mr. Holyoake would make it out to be. Lack of interest in the result, and consequent lack of the patience, pains, and self-denial necessary to achieve success, and unfortunate choice of managers, through indifference or intrigue, would probably explain most of the failures of coöperative trading, where the principle of cash payments has been strictly adhered to, and where the enterprises have been confined to the supply of the coöperators with the simple necessaries and comforts of life, without venturing into lines where fashion and taste predominate. The latest statistics attainable show 746 coöperative societies existing in England and Wales. The total share capital reaches £2,784,000. The money taken for goods sold during the year was £11,379,000. The largest of all these societies is the "Civil Service Supply Association," which musters 4,500 associates, and which in the six months ending February 28, 1874, took in, from sales, £819,428.

It is to be noted that these "stores" do not try to undersell the retail shops, but sell their goods at ordinary prices, and divide all profits, after a reasonable addition to the "reserve," annually or semi-annually, among their stockholders. The sums thus coming once or twice a year to a workman are likely to be so considerable as strongly to suggest the savings bank.

In France, M. Ducarre's report, while announcing the comparative failure of coöperative societies of production, states that those devoted to the supply of articles for consumption, have at once had a much wider trial and achieved a much larger degree of success.[1] In Germany, Belgium, and Italy, the movement for consumptive coöperation is in full present vigor.[2] Even in little Denmark, where but one industrial coöperative society exists, 37

[1] P. 265.

[2] McDonnell's Survey of Pol. Econ., pp. 224-5.

coöperative establishments are reported[1] for the sale of articles of domestic consumption. In Austria, account is given[2] of 237 coöperative store-unions. In the United States, consumptive coöperation has been widely established in connection with the "Granger" movement, and also, more on its own merits, through the organization known as the "Sovereigns of Industry."[3]

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[1] Report of Mr. Strachy, 1870, p. 512.

[2] Report of Mr. Lytton, 1870, p. 564.

[3] I am disappointed to find so little precise statistical information in Mr. Chamberlain's work on the Sovereigns of Industry. Figures of arithmetic are more needed than figures of speech, in discussions of coöperation.

CHAPTER XVI.

THE TRUE WAGES QUESTION.

If the three great classes which together make up modern industrial society, in its highest development, have been justly delineated, it will be seen how inaccurate is that statement of the wages question which makes it identical with the labor question. The true wages question is the question of employment. Hence the popular phrase, "the contest of labor and capital," becomes at once revealed as a misnomer. The true controversy is not between the laborer and the capitalist, but between the laborer and his employer, to whom laborer and capitalist alike are compelled to resort for the opportunity to produce wealth and to derive an income.

In the highly-complicated organization of modern industry, the employer, the *entrepreneur*, stands between the capitalist and the laborer, makes his terms with each, and directs the courses and methods of industry with almost unquestioned authority. To laborer and to capitalist alike he guarantees a reward at fixed rates, taking for himself whatever his skill, enterprise, and good fortune shall secure. How completely the laborer accepts this situation of affairs we see in the fewness of the attempts to establish productive co-operation, as shown in the preceding chapter. But the laborer does not accept the situation more utterly, more passively, than does the capitalist. Quite as closely does the man of wealth who has not been

trained to business, respect his own limitations; quite as little is he disposed to venture for himself.

We have a striking exemplification of this impotence of the capitalist, as capitalist, in the experience of the United States during the past three years. What have the capitalists done, what can the capitalists do, to help themselves in the event of a withdrawal of the business class? They have done nothing, certainly, in the present crisis: they can do nothing important, of themselves. They can lower their terms and offer their capital at diminished rates, affording enterprise thus a wider margin for profits; but if enterprise finds this inducement insufficient, the capitalist has nothing to do. The money lies in bank; the shops and stores are tenantless.

Does the capitalist, discontented with the inadequacy of his remuneration when he has for months received but two or three per cent per annum upon his money, set up business in order to employ his own capital and make a better interest for himself? I trow not. The very fact that the veteran professional conductors of business have withdrawn from production, or have greatly curtailed their operations, is a sufficient advertisement to him that it is no time for outsiders to push into the field. He knows that, in the best of seasons, a single venture into an industry of which he has had no personal experience, or even into one from which he has retired, but so long ago as to have become rusty in its methods, unfamiliar with its latest machinery, and strange to the *personnel* of the trade, might well cost him a year's interest on his fortune; while an attempt to carry on production, merely for the sake of employing his capital, in a time when the masters of the business shrink from the prospect of disaster, would, most likely, cost him the bulk of the capital itself. It is not in such a time, if ever, that the outside capitalist ventures into the field of industry. Even less than the laborer, who may be goaded by the stings of personal want, is he likely to step forward to take the place from which the

entrepreneur retires. He, too, waits for better times, and meanwhile gets what he can for his money "on call."

I shall, then, in the four remaining chapters of this work confine myself to (1) the comparative advantages, either in the essence of the relationship or in the accidental constitution of the classes as they are found in existing economical society, which the employers and the employed may be seen to possess; and (2) the means by which that class which we shall find at a relative disadvantage may be helped or hindered in competition for the product of industry.

And, in the first place, it should be inquired, has either a natural advantage over the other?

It is to be observed that they are respectively buyers and sellers of the same thing,[1] service or labor; and each finds his own interest only as the bargain is effected. Unless that bargain be made, the employer can not have his profits any more than the laborer can have his wages. So far their interest is common: that the laborer shall be employed. It is only as to the rate of wages and the rate of profits that opinions and interests diverge. Hence we say, the relation of the two parties is not and can not be one of antagonism, for the object and effect of antagonism is to destroy or to supplant.

Since, then, the employer gets his profits only as the laborer gets his wages,[2] and because the laborer gets his

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[1] Mr. Frederick Harrison, in a somewhat noted article in the Fortnightly Review (vol. iii., p. 50), strenuously maintains that "the laborer has not got a thing to sell." This seems to be a question of the proper use of two words, thing and sell. There are no facts or economical principles involved in the dispute. If Mr. Harrison were to acknowledge the propriety of our use of those two monosyllables, he would not object to our statement otherwise. If, again, we were to take Mr. Harrison's view of the etymology of these words, we should not claim that the laborer *had* a thing to sell.

[2] I am here speaking broadly. In an individual transaction the employer may fail of his anticipated profits and the laborer yet receive his wages all the same; and in other possible cases an employer may

wages, it is difficult to see that the employer is any more necessary to the laborer than the laborer is to the employer, or that either has any *natural* advantage over the other.

Not a little, however, has been written to prove that the employer has such an advantage. Mr. Thornton, in his well-known treatise On Labor, has sought to show that the sellers of labor are at a disadvantage.

"All other commodities," he says,[1] "may be stored up for a longer or a shorter time without loss either in quantity or quality. But labor will not keep; it can not be left unused for one moment without partially wasting away. Unless it be sold immediately some portion of it can never be sold at all. *To-day's labor can not be sold after to-day, for to-morrow it will have ceased to exist.* A laborer can not, for however short a time, postpone the sale of his labor without losing the price of the labor which he might have exercised during the period of the postponement."

Mr. Thornton certainly did not intend to say that labor can not be unused "for one moment" without wasting away, since the very first condition of labor is that for several hours in each day, perhaps one half of the twenty-four, it shall be unused. But taking this expression as a mere slip of the pen, we note that Mr. Thornton overlooks a common experience in industry when he asserts that the omission to labor on any day carries with it a total loss of the labor that might have been performed. It surely can not be denied that a man may work considerably harder one day for having lain-by the day before, provided it was not for a debauch, or in honor of Saint Monday, but that the time was really taken for rest. So that it is entirely possible, if, to save contention, we take the case of a man engaged in piece-work or hired by the hour, that a man may still have left him to sell a part at least of the labor

consent to pay wages, and sacrifice his own present interest in the product, for the sake of profits to be made in better times.

[1] On Labor, p. 93.

which, on Mr. Thornton's assumption, he would entirely and forever lose by failing to work, whether from deliberate choice, or by higgling with his employer, or by looking about for better terms than those offered him.

Nor is it only on the day following that he may find himself able to render a portion of the service which Mr. Thornton assumes to be wholly lost by the failure to perform a day's work every day. It is notorious that a laborer may be able, by lying-by a whole week, to perform a distinctly greater amount of work every day of the week following; not, perhaps, that he can well do two ordinary weeks' work in one, but that he can in six days do considerably more than one ordinary week's work, if he has been prepared for the effort by a long rest. And this capability of storing-up the power of labor is not wholly confined within the limits of a secular week. It is well known that in many trades, having peculiar natural or industrial conditions, workmen acquire an anaconda-like faculty of alternately gorging and digesting[1] through periods amounting to entire seasons of the year. I do not say that this is desirable; I merely assert it as a fact. In none, it may be assumed, do the workmen perform as much, in the aggregate for twelve months, as if they had worked continuously, or at least with intervals of rest and recreation expressly adapted to maintain the highest degree of physical vigor; yet in none, probably, do they fail to perform more, and it may be very much more, than it would have been possible for them to perform in equal periods, without the preparation of a long term of complete rest.

But it was not alone to correct Mr. Thornton in this particular that I quoted him here. Granting, for the time, the total loss of labor in the instances given, and admitting, for argument's sake, that the sellers of labor are in a different position from the sellers of any other commodity, is not

[1] The scholars and men of letters who distribute their labors equally over the fifty-two weeks of the year are, I apprehend, very few.

the buyer of labor in the same situation precisely? If he does not buy to-day's labor to-day, he surely can not buy it to-morrow; it will then, on Mr. Thornton's assumption, have ceased to exist. If the laborer does not realize wages on his present capacity for labor, the employer certainly can not realize profits on it. Manual labor is the essential condition of all production of wealth. If manual labor is withdrawn, land can not yield rent, money interest, or business-enterprise profits. Labor, meanwhile, and just for the same length of time, loses its wages. If the stoppage is for a month, each party loses one twelfth of its year.

But that is an even stranger reason which Mr. Thornton has discovered for attributing to the employer, in his turn, a disadvantage to a degree counterbalancing that which he attributes to the laborer, as above. It is that the employer, in case of the continued cessation of industry, will become "industrially defunct" (On Labor, p. 275) when he has eaten up all his capital, whereas "the laborer, who is trying conclusions with him, provided only that his health be not permanently impaired by the privations he is meanwhile enduring, in preserving his thews and sinews preserves also his stock-in-trade and his industrial ability." Mr. Thornton elsewhere (p. 177) explains what he means by employers becoming industrially defunct: "to them entire exhaustion of resources would be absolutely fatal. . . . . For the capitalist in losing his capital loses his all, distinctive class-existence included; he ceases to be a capitalist." So, we suppose, if the laborer should starve to death for want of employment, he would lose his distinctive class-existence, with his other existence, and cease to be a laborer.

Now, in the first place, who, pray (accepting Mr. Thornton's definitions of laborer and capitalist), is to find subsistence for the laborer, whom Mr. Thornton takes as habitually poor, through the long struggle during which the capitalist is to become industrially defunct? Is it not

something very like a bull to make the assumption that the means of the employing capitalist would be exhausted before the means of the striking laborer, who accordingly remains sound and plump in "thew and sinew," while the emaciated master sinks out of his distinctive class-existence and, economically speaking, expires of inanition?

But, secondly, the employer (here spoken of by Mr. Thornton as the capitalist) does not necessarily lose all and become industrially defunct on losing his capital. "Goodwill" remains, constituted of business connection and business reputation, which has been in countless cases better than a fortune to the able and deserving man of business. It is scarcely too much to say that an employer of character and standing, who should sink his capital in such a contest as Mr. Thornton supposes, would not fail to command the means to resume and carry forward his industrial operations. Indeed, it is, at least in the United States, uncommon for a really reputable house to be extinguished even by a failure on commercial grounds. Witness the great liquidation of 1873–6.

We do not, then, find any ground for attributing to either employer or laborer a *natural* advantage over the other. Certainly, if there be truth in the adage of Chateaubriand, "Le salaire n'est que l'esclavage prolongé," it is not on account of any thing essential in the nature of the relations of the employer and the employed.

We have already, in discussing the causes which diminish industrial mobility, alluded to the principal causes which place the wage-laborer at a disadvantage in competition. Now that we have formally arrayed the employing and the employed classes over against each other, two of these causes may instructively be considered more in detail. The first is the accidental fact of the superiority of numbers on the side of the employed, giving the employers an advantage which is not at all of the essence of the relationship. In most countries and in most occupa-

tions[1] the buyers of labor are few, the sellers of labor are many. Aside from the effects of possible combinations among the buyers or the sellers, there is in this an element of weakness to the individual seller. For instance, if we consider the case of a manufacturer employing usually twenty hands, we may say that his need to employ those workmen is correspondent precisely to their need of employment. If the conditions of his business would allow the profitable employment of twenty hands, his loss, if for any cause he employs but nineteen, may be assumed to be as great as the twenty workmen, taken as a body, suffer therefrom. But just here is the rub: the twenty are not a body having a common interest. The loss is not to be divided equally among them. It is to fall entire on a single one of the number; and this calamity each one for himself seeks to escape.

In the apprehension, amounting it may be to terror, of being left out of the number of the employed, each of the twenty is ready to accept terms below the ordinary rate. It does not require any analysis of the elements of the case to show that, in such a temper of the competitors for employment, wages will go below—it may be greatly below—the limit at which the employer might be able fairly to reimburse himself for his expenditure and make his average profits. Here we have a result of distinct economical advantage on the part of the employer, arising not from the essential character of the relation, but from the accident that the employers are few, the employed many.

The second great fact in regard to the wages class as we find them, is their habitual poverty. This poverty is not

[1] The most marked exception is found in the matter of domestic service. The employers are here more numerous, but only in a moderate degree. The number of families employing one or two servants only, vastly exceed the more highly-organized households. But, upon our definition, domestic servants belong to the salary or stipend class, and not to the wages class.

of all involved in the position of a wage-laborer, and in fact it is not found as a rule in some communities, nor without exception in any community. The vast majority, however, of all wage-laborers have little or no accumulations, many being even without the means of subsisting themselves a month, or a week, without work. They are, therefore, unable to stand out against their employers and make terms for their services, or to seek a better market for their labor in another town or city, but must accept the first offer of employment, however meagre the compensation. Even though the matter in dispute between them and their employers may be sufficient to justify a protracted contest, they lack the primary physical means of sustaining that contest. The wage-laborer is thus like a poor litigant who must lose a valuable claim because he has not the money to pay the cost of a suit; and after a struggle, short at the utmost, he sees himself on the verge of suffering or even of starvation; and, if not for his own sake, at least for that of his wife and children, is fain to accept the terms that are offered him.

The employer, on the other hand, has only to calculate whether the matter in dispute between him and his hands is really worth a contest; and if he find it so, he can, so far as his own mere physical maintenance is concerned, protract the contest indefinitely. By "indefinitely" I mean that the term through which the master can withhold employment is altogether out of proportion to the term during which the laborer, as he is found in actual life to be furnished with the means of subsistence, can manage to live without employment.

But the employer may not deem the matter in dispute worth a contest, and hence it is of great importance to the laborer that he should have the ability, at least for a time, to dispute the employer's terms, and make him fairly face the prospect of a struggle before deciding against his demands. If, then, the employer sees that the profits which the lower wages would enable him, in a given period, to

make will be eaten up in a period of inactivity, it may fairly be assumed that, if he can, he will concede what is asked. This, of course, implies that the question of pecuniary interest only is considered, and that bad temper and creature pugnacity[1] do not enter as elements in the situation.

In connection with this assumed calculation by the employer as to the expediency of standing out against a demand for wages which he may be able, though reluctant, to concede, we have to take into account two elements which are additional to the simple one of the amount of wages to be paid.

The first is the employer's interest in *the continuity of production.*

The interest which the employer has in the continuity of production, over and above the mere profits which he might expect to realize in a given period during which a suspension of industry might be proposed or threatened,

[1] This exception is important. We have a strange dictum from Professor Cairnes in his work, Some Leading Principles of Political Economy (p. 268), as follows: "The temporary success of a strike does not necessarily prove its wisdom; but the failure of a strike, immediate or ultimate, is decisive evidence that it ought never to have been undertaken." It would be possible to place a construction on this language which should remove the remark from the criticism which the plain sense of the words invites. Surely it is conceivable that a body of workmen should make a demand on their employer which the state of the market would fairly allow him to concede, and which, in another mood, he might cheerfully concede. The demand, however, being made or met, it matters not which, in bad temper, ill-blood is aroused and a conflict precipitated. In such a contest the workmen might be beaten by the longer purse of a wilful, resolute employer, and finally obliged to yield, without proving their demands unreasonable, any more than a poor patentee being obliged to abandon an invention to a powerful combination of manufacturers, in these days of tardy and costly justice, would prove that he never had any rights in the case. Of course, if it be held that failure in human affairs of itself proves folly, Professor Cairnes's remark is justified. In that case it would be correct to say of a ship which should sail by the usual route from Liverpool to New-York and be sunk by an iceberg halfway across, that she ought never to have undertaken the voyage.

arises mainly out of that business connection and that business reputation which are summed up in the phrase "goodwill." Altogether besides the loss of immediate profits, an employer of labor has to contemplate a certain loss of custom as involved in any protracted stoppage of his works.

The world of politics does not sooner forget a former leader in retirement than the world of business forgets one who withdraws from the competitions of trade. Even the strongest houses, however completely they may seem to have the control of the market in their line, do not like to have their customers and correspondents learn to go elsewhere, through any failure of theirs to meet every demand upon them. Hence they not infrequently continue producing through considerable periods of depression, making a sacrifice of their accustomed profits, and sometimes even for shorter periods producing at an actual loss, though on a scale as much diminished as is consistent with keeping their hold on their connection.[1]

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[1] Somewhat aside from this consideration, yet here mentioned in order to avoid multiplying distinctions, is the fact that, in some industries, besides the sacrifice of the employer's profits during a stoppage, there are considerable expenses (additional to loss of rent and interest) to be incurred in maintaining the service in condition for resumption. Such expenses are those of keeping mines free from water, and keeping furnaces in blast. If these things are to be done, it is at a great cost; if omitted to be done, and the mines are allowed to fill up and the fires to go out, a heavy tax is imposed upon the resumption of production. On the other hand, it deserves to be mentioned that the suspension of production may at times be a relief to the employer. This may happen when the reduction of profits, through the depression of trade, coincides with an occasion for repairing or renewing machinery or enlarging works, or converting buildings to different uses. Thus we find it stated concerning the great Glasgow strike of 1874: "Advantage is being taken of the present opportunity to execute any important repairs and reconstructions that can be undertaken; so that even though the strike were at an end to-morrow, some days would elapse before the work of production could possibly be in full swing again."—Iron and Coal Trades Review.

But, secondly, the employer has an interest in the *continuity of employment.*

This arises (*a*) out of the knowledge acquired, through previous service, of the laborer's disposition and character, especially as to honesty, truthfulness, and sobriety; (*b*) out of that mutual adaptation, in way and habit, extending even to the tone of the voice and the carriage of the body, which results between man and master, and between every man and his mates, from long acquaintance; (*c*) out of that familiarity which the workman acquires with the peculiarities of his employer's business, which is wholly additional to a mastery of the technicalities of the occupation, and which includes an intimate knowledge of the localities in which the industry is prosecuted, of the fixtures and machinery in use, of the customers, it may be, of the establishment; and lastly, of the minor yet important characteristics which often distinguish the product of one establishment from that of any other, and thus give it a quality which, though it perhaps adds nothing to its utility in the hands of the consumer, yet serves the purposes of the producer for the advertisement and easy recognition of his wares[1]; and (*d*) out of the loss of time or of energy which every change, simply as change, involves, in greater or less degree.

The interest which, on the above several accounts, employers have in preserving the continuity of employment, varies greatly. No employer, it may be assumed, but is interested to a degree in knowing how far he may look to his individual workmen for the simple virtues of honesty, truthfulness, and sobriety; but in many large departments of industry the advantages which we have indicated as implied in the retention of workmen would

[1] Many manufacturers and dealers will recognize this element as of no small importance. They identify the products of different establishments by their style and finish, as easily and certainly as the editor of a newspaper comes to identify the smallest clipping from a contemporary by its paper, type, and "make-up."

seem shadowy and unsubstantial. New men taken on in an emergency do as much work, and perhaps do it as well, as the old. The conditions of the business, the nature of the products, are not such as to make it worth while to retain a workman at any great sacrifice, so long as another of the same industrial grade can be had.

In other branches of industry, however, the advantages which have been enumerated are not only substantial but of great importance. At times, indeed, they are recognized in the grading of wages somewhat according to the length of service; and probably few employers of labor in these branches would deny that the reason of the case would justify that system being carried much further than it is. Yet, while the distinct acknowledgment of the advantages of continuity of employment, by money payments proportioned to length of service, is still highly exceptional, it may be said that these advantages are almost as a rule recognized by employers in a preference given to their older employees in the event of a reduction of force; and since, as has been shown heretofore, regularity of employment is to be taken into account in reducing nominal to real wages, we may fairly say that these advantages are actually paid for in no inconsiderable amount.

Yet, though workmen are thus compensated through money payments, or, more frequently, by preference given them in reductions of force, for the power they have acquired, through continuance in employment, of rendering a higher quality of service; in general, at least, there is strong reason to believe that they are not paid as much on this account as the considerations adduced would warrant. The force of custom, the jealousy of fellow-employees, the stress of trades-union regulations,[1] and, not least, the failure of the employer to recognize the full merit of the

[1] Many trades unions or societies disavow the purpose to prevent workmen of exceptional merit from receiving wages above the average.

workman and the degree in which it contributes to his own success; these latter, in connection with the master's knowledge that, though the workman may take from him these advantages, *he can not carry them to any one else*, are in a great majority of cases sufficient to keep the remuneration of the higher grades of labor from rising proportionally to their real worth. Yet we can not doubt that the employer's conscious interest in the continuity of employment does enter,[1] in almost every issue joined between him and his workmen, as an element in deduction from the computed difference between the wages paid and the wages demanded. Few masters in any branch of industry could contemplate the sudden change of their entire laboring force as less than a business calamity, while in many branches of production it would involve great loss if not ruin. Partial changes may indeed be effected without actual sacrifice of capital, but not without a marked increase of labor and of anxiety on the part of employers.

[1] A very striking demonstration of the importance of this consideration in many branches of industry is to be seen by the most casual observer in the phenomenon of a part of the laborers in a trade wholly unemployed. Why are not all employed at lower prices? This would be the effect of simple competition. The answer is found partly in the force of personal consideration and respect arising out of acquaintance and association; but mainly in the employer's interest in the continuity of employment. He could not afford for a short time to take on new hands even at lower rates.

CHAPTER XVII.

WHAT MAY PLACE THE WAGES CLASS AT A DISADVANTAGE?

We have seen (Chapter X.) that the only security which the wages class can have that they shall receive the largest possible remuneration which is compatible with the existing conditions of industry, is found in their own perfect mobility. Without this, they are clearly subject to reductions of wages under pressure, to be succeeded only too surely by industrial degradation (Chapter IV.). And it is further evident that it matters not, in the result, whether the total or partial immobility of labor be produced by physical causes, by the force of positive law, or by fear, ignorance, or superstition. Any thing which deceives the sense of the wage-laborer or confuses his apprehension of his own interest may be just as mischievous, in a given case, as bodily constraint.

Following out this line of thought, we find that the wage-laborer may be put at disadvantage,

I. By laws which act in restraint of movement or contract. Such laws may not be prohibitory, but merely regulative in their intention, and yet retard more or less seriously the passage from occupation to occupation, or from place to place. Even the mere necessity of registration imposed must have an effect, however slight, in the nature of obstruction; and unless it can be shown[1] that, by increasing the intelligence and confidence with which

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[1] See p. 169.

changes of location or of occupation may be effected, it more than compensates for the degree of hindrance and irritation which the merest act of registration involves, it must be condemned as prejudicial to the wages class, whose supreme interest is the easy, ready flow of labor to its market.

But it is not of such incidental or perhaps wholly undesigned mischief that labor has had chiefly to complain in the past. Those countries are very young whose history does not afford repeated instances of direct and purposed obstruction to industrial movement and contract, in the interest of the employing class, which has generally been largely identical with the law-making class. The vicious maxims of English legislation in this respect extended even to the American colonies, free as they kept themselves otherwise from the industrial errors of the mother country, and laws in regulation of service and of wages remained long on the statute-books of these enlightened communities.

A brief recital of the English legislation in restraint of the natural rights of labor will not prove uninstructive.

After the frightful plague, called the Black Death, which swept over England in 1348–49, carrying away "perhaps from one third to one half of the population,"[1] wages rose, from the temporary scarcity of labor, to rates previously unknown; nor can it be doubted that laborers, thus by a great accident made for the time masters of the situation, assumed a tone which employers relished quite as little as they liked their higher terms. To meet this exigency,[2] Edward III. issued a proclamation forbidding the payment of more than customary wages,[3]

[1] Rogers, Hist. of Agr. and Prices.

[2] "Because a great part of the people, and especially of workmen and servants, late died of the pestilence, many, seeing the necessity of masters and great scarcity of servants, will not serve unless they receive excessive wages," etc., etc.

[3] Namely, those wages which had been paid in the 20th year of King

and requiring workmen to serve in their accustomed place. About a year later, the disputes which arose in determining what wages had been customary before the plague led to the enactment of a law (25 Edward III.) fixing for the whole kingdom the precise amount to be paid in wages in each of the principal occupations. Servants were to be "sworn two times in the year before lords, stewards, bailiffs, and constables of every town to hold and do these ordinances." . . . "And those which refuse to make such oath, or to perform that that they be sworn to or have taken upon them, shall be put in the stocks by the said lords, stewards, bailiffs, and constables of the towns by three days or more, or sent to the next gaol, there to remain till they will justify themselves." The statute prescribed the "liveries and wages" of "carters, ploughmen, drivers of the plough, shepherds, swineherds, deies, and all other servants" in husbandry; of "carpenters, masons and tilers, and other workmen of houses," including their "knaves," and of "plaisterers and other workers of mudwalls and their knaves."[1]

But by the 13th year of Richard II. Parliament had ac-

Edward's reign, or the average of "five or six other common years next before."

[1] I select the following examples from the laws of the Massachusetts Colony:

1630, 23d August.—"It was ordered that carpenters, joiners, bricklayers, sawyers, and thatchers shall not take above 2*s.* a day; nor any man shall give more, under pain of 10*s.* to taker and giver."

28th September.—"It is ordered that no master carpenter, mason, joiner, or bricklayer shall take above 16*d.* a day for their work, if they have meat and drink, and the second sort not above 12*d.* a day, under pain of 10*s.* both to giver and receiver."

Two other acts had been passed of a similar nature, when, on the 22d March, 1631, the General Court "ordered (that whereas the wages of carpenters, joiners, and other artificers and workmen were by order of court restrained to particular sums) shall now be left free, and at liberty as men shall reasonably agree." In September, however, the Court suffered a relapse, and for four years longer continued to fix specifically the wages of labor.

cumulated experience enough of the evils of settling a common rate for all England to provide that "forasmuch as a man can not put the price of corn and other victuals in certain,"[1] justices of the peace should in every county make occasional proclamation, "by their discretion, according to the dearth of victuals, how much every mason, carpenter, tiler, and other craftsman, workman, and other laborers by the day, as well in harvest as in other times of the year, after their degree, shall take, with meat and drink or without meat and drink." By the important act of 5 Elizabeth this power of justices to fix wages was re-enacted, and, though long disused, it was not until the 53 George III. that the authority was formally withdrawn.

But it was not the rate of wages alone which received the attention of the early parliaments. The statute of 37 Edward III. required that "artificers, handicraft people, hold them every one to one mystery, which he will choose betwixt this and the (said) feast of Candlemas; and two of every craft shall be chosen to survey that none use other craft than the same which he hath chosen." By statute of 12 Richard II. it was ordained that "he or she which use to labor at the plough and cart, or other labor or service of husbandry, till they be of the age of twelve years; that from thenceforth they shall abide at the same labor, without being put to any mystery or handicraft." But the statute of the largest effect in constraining the courses of labor was that of the 5th Elizabeth known as the Statute of

[1] The Massachusetts General Court reached the same conclusion some hundreds of years later, and having repealed, September 3d, 1635, the law "that restrained workmen's wages to a certainty," enacted in 1636 "that the freemen of every town shall from time to time, as occasion shall require, agree among themselves about the prices and rates of all workmen, laborers, and servants' wages; and every other person inhabiting in any town, whether workman, laborer, or servant, shall be bound to the same rates which the said freemen or the greater part shall bind themselves unto."

Apprentices, by which the access of unskilled labor to the trades and professions was restricted within the narrowest bounds. A single section will suffice. No merchant, mercer, draper, goldsmith, ironmonger, embroiderer, or clothier may take an apprentice, "except such servant or apprentice be his son, or else that the father or mother of such apprentice or servant shall have, at the time of taking of such apprentice or servant, lands, tenements, or other hereditaments of the clear yearly value of forty shillings of one estate of inheritance or freehold at the least."

So much for restraints on movement from one occupation to another. Movement from place to place was restricted with equal jealousy. By statute of 25 Edward III. it was ordained that, with exception of certain counties, no laborer in agriculture should "go out of the town where he dwelleth in the winter to serve the summer, if he may serve in the same town, taking as before is said." By the statute of 12 Richard II. it was provided that "no servant or laborer, be he man or woman, shall depart at the end of his term out of the hundred, rape, or wapentake where he is dwelling, to serve or dwell elsewhere, or by color to go from thence in pilgrimage, unless he bring a letter-patent containing the cause of his going, and the time of his return, if he ought to return, under the king's seal," etc. Although all life had long passed out of these statutes, it was not until 1824 that the laws prohibiting the emigration of artisans from the kingdom were repealed, as vain and uselessly irritating.

Such extracts as have been presented will perhaps serve sufficiently to convey an impression of the minuteness and rigidity of the numerous acts which sought to regulate the industry of England. It is not necessary to show that such laws were always fully enforced,[1] to establish the certainty

[1] Many of these acts were doubtless passed in the spirit of 2 and 3 Edward VI. (c. 9): "Therefore, as the malice of man increaseth to defraud the intent of good laws, so laws must rise against such guile with the more severity, day by day, for the due repress of the same."

that they wrought grievous evil to the working classes. If they had effect only in part, if they were only enforced here and there and now and then, or even if they were always to be evaded, but by resort to concealment, stratagem, or indirection, then they must have seriously affected the mobility of labor.

But it is doubtful if all the barbarous enactments we have cited are together responsible for more of the present pauperism and destitution of England than is the law of parochial settlement. This act originated in the reign of Charles II., and while other restrictions upon the movement of population were gradually giving way before the expansion of industrial enterprise and the liberalizing tendencies of modern thought, the mischievous provisions of the Law of Settlement were given a wider scope and an increased severity from reign to reign. It is only within the last twelve years that the cords that crossed the political body in all directions, cutting off the circulation until every portion of the surface broke out in putrefying sores, have been loosened. The image may seem extravagant; but no language can exaggerate the effect of such restraints on population. Migration within the kingdom was practically prohibited. If the laborer in search of employment ventured across the boundaries of his parish (and there are 15,535 parishes in England and Wales), he was liable to be apprehended and returned to the place of his settlement; while parish officers were perpetually incited by the fears of the ratepayers to zeal in hunting down and running out all possible claimants of public charity on whom, if unmolested, residence would confer a right to support. "When an employer wished to engage a servant from a foreign parish, he was not permitted to do so unless he entered into a recognizance, often to a considerable amount, to the effect that the incomer should not obtain the settlement, else the bond to be good against the employer. Parochial registers are full of such acknowledgments."[1]

[1] Rogers, Pol. Econ., p. 122.

The peasant and the artisan, thus shut up within the place of their birth, were compelled to meet the fate which awaited the industry of that locality. All local calamities fell with unbroken force upon a population that had no escape. The calamity might be temporary, but the effects upon character and life were not. Industry might look up again, but the peasant, broken in his self-respect, brutalized, pauperized, could never afterwards be the same man. Employment might revive; but no art of man, no power of government could reconstitute the shattered manhood.

It is probably safe to say that no Continental country has, at least within late years, maintained any law so injurious in its practical effects in producing a helpless immobility of labor, as the English law of settlement, the original object of which was to keep, not laborers, but paupers, in their place. But of laws directly seeking, in the interests of employers, to control the movements of labor, whether from place to place or from occupation to occupation, there is in the history of European legislation limit neither to number nor to variety. In France,[1] in spite of some contradictory features, it may be said that freedom of labor was achieved by the Revolution. In Germany, and among the Scandinavian[2] peoples, the system of restriction was strongly intrenched, and still survives with no little force, notwithstanding the tremendous breaches made in it by the liberalizing tendencies of the last twelve or fifteen years. In Denmark, perhaps, of all these countries, free trade in labor is most nearly achieved.[3] In Austria laws instituting the "Genossenschaften," or

[1] M. Ducarre's Report of 1875, to which I have several times referred, presents a good view of the course of measures by which labor in France has been emancipated (pp. 22–64).

[2] "The corporation system exists with more vigor in Denmark, Norway, and Sweden," wrote Mr. Laing in 1851, "than in any other country."—Denmark and the Duchies, p. 301.

[3] Since 1862. See Report of Mr. Strachey on the Condition of the Industrial Classes, 1870, p. 505.

guilds, are so far modified that these are no longer close corporations. They are still, however, compulsory associations, to which every Austrian workman is under legal obligation to belong.[1]

II. The wage-laborer may be put at disadvantage by a fictitious currency. The laborer suffers, with other classes of the community, from the disturbances of industry which are always occasioned by an inflated and fluctuating circulation; but the injury to which I refer under the present title is due to the difficulty which the laborer experiences in adjusting his demand upon his employer to the rapid and violent changes in the currency cost of living, and to the illusions created by paper wealth, by which the laborer's expenditure is inevitably more or less perverted and distorted.

The most difficult mental operation which ordinary men are called upon to perform is that of discount. Even the book-educated and men of affairs find it laborious and painful. Mr. Laing, the well-known traveller, has left a curious bit of testimony on this point in a remark made in his Tour in Sweden, to the effect that he always caught himself thinking of a mile in that country as he would of a mile in England, although the Swedish mile is seven times as long. If such is the experience of a cultivated mind in so simple and familiar a matter, what can be expected of men of limited views and little information, subject unduly to the first impression of things and untrained to arithmetical computations, when called to render their wages into terms corresponding to the rapidly changing prices of the necessaries of life? It is a work which would task the powers of a philosopher; it is extremely improbable that a workingman will succeed in accomplishing it. The laborer's interest will not come to him: he must go to it; and to do so he must be able to identify and locate it with precision and assurance. In the absence,

[1] Report of Mr. Lytton, 1870, p. 522.

therefore, of clear and definite ideas on the relation of wages and prices, the laborer must under such a currency follow blindly around after prices, guided only by a general sense of the inadequacy of his wages in making his demands upon his employer. Acting without intelligence in the premises, it is a matter of course that he sacrifices in some degree his own interests. He either demands too much, and failing perhaps in a persistent demand injures alike himself and his employer; or, asking too little, he rests content with getting that.

It was doubtless with reference to this inability of the laboring class to meet such sudden and violent changes of conditions as are caused by a fictitious currency that Mr. Mill assigned to "custom" in economics the same beneficent function which it has performed in the sphere of politics as "the most powerful protector of the weak against the strong." Habit, usage, constitutes a barrier which in a degree preserves the economically weak from the hustlings and jostlings of the marketplace, and gives them room to stand.[1] A fictitious currency breaks down this barrier and involves all classes of the community in a furious and incessant struggle for existence in which the weakest are certain to be trampled down.

But it is not alone in competition with the employer that the laborer is placed at disadvantage by a fictitious currency. If it is difficult for the laborer to secure the

[1] I am here speaking of wage-laborers as they are and not as they might be. There could be a better state of things still than that in which "custom" protects the poor—that is, a condition in which the laboring class should be so intelligent, and hence so strong, that they could not afford and would not endure to take a defensive position, but should welcome the utmost that competition could do. But so long as the working classes remain, as in most countries, ignorant and inert, it is possible that causes reducing the severity of competition may be properly correspondent to their weaknesses, and thus beneficial. However that may be, it stands by itself, that the working classes, being inadequately prepared to follow around after changes of price, must be injured by whatever makes those changes more frequent and violent.

adjustment of his wages to the varying cost of living, much more difficult is it for him to hold his own in the contest with the retail dealer from whom he obtains the necessaries of life. A laborer's earnings are expended in hundreds of small purchases. If his earnings come to him in depreciated paper, and are to be expended in commodities at inflated prices, he is, if he would judge either of the proportion between his present and past expenditures as a whole, or between the price of any one article and that which he has had to pay for it, obliged to perform operations of discount which would be laborious to an arithmetician. All hold being lost on "custom," how can he tell what he ought to pay per pound, per bushel, or per yard for articles of ordinary consumption? He knows nothing about the conditions of their production, and has no longer a traditional price to guide him. Formerly, if an article of domestic consumption advanced considerably, he was in the mood and in the position to resist the advance until it proved itself a genuine one. He disputed the higher price; he alleged the customary price; he held off purchasing as long as he could, because he disliked to pay the advance; he inquired elsewhere to ascertain whether other dealers were asking the same. With a community in this temper, retail prices will not be wantonly advanced; nothing less than a substantial reason in the state of the market will succeed in establishing a new price, and since every step will be taken against resistance, that new price will be kept down to something like the necessity of the case.

But under a fluctuating currency this hold of the retail buyer upon customary price is lost. It is with prescription as with a bank-bill: when once it is broken, the pieces are soon gone.[1] The laborer loses his reckoning. When prices go up far beyond what is usual, he can not presume to judge whereabouts they should stop. After finding

[1] The Northern Monthly, May, 1868; article, "The Greenback Era."

advance upon advance established, in spite of his questioning and complaints, he becomes discouraged. He learns to pay without dispute whatever the shopkeeper demands, for he has no means of determining the justice of that demand. It is this temper which enables the retail dealer to gather his largest profits and work his worst extortions.

This it was, over and above the proper effects of currency inflation, which allowed retail prices to be carried up to such an unprecedented height in the United States during the war of secession, and to be kept up by combinations of dealers long after whatever reason had existed for the advance ceased. The extravagant profits thus realized had not, as is well known, the effect to invite true competition tending to reduce prices, but merely served to allow the multiplication of shops and stands at every corner and to support an army of middlemen.[1]

This point is of so much importance in the philosophy of wages, that I take the further space to present some notable extracts from the writings of Mr. Mill and Prof. Cairnes relative to the function of "custom" in retail trade.

"Hitherto," says Mr. Mill, "it is only in the great centres of business that retail transactions have been chiefly, or even much, determined by competition. Elsewhere it rather acts, when it acts at all, as an occasional disturbing influence. The habitual regulator is custom, modified, from time to time, by notions existing in the minds of purchasers and sellers, of some kind of equity or justice . . . Retail price, the price paid by the actual consumer, seems to feel slowly and imperfectly the effect of competition, and where competition does exist, it often,

[1] It appears that while the total number of persons reported as of gainful occupations at the census of 1870 was but 18 per cent greater than the corresponding number at 1860, the number engaged in trade and transportation had increased in the decade 44 per cent. "Some Results of the Census." (Soc. Science Journal, 1873, p. 91.)

instead of lowering prices, *merely divides the gain among a greater number of dealers.*"[1]

"Competition in retail markets," says Prof. Cairnes, "is conducted under conditions which may be described as of greater friction than those which exist in wholesale trade. In the wholesale market the sellers and purchasers meet together in the same place, affording thus to each other reciprocally the opportunity of comparing directly and at once the terms on which they are severally disposed to trade. In retail dealing it is otherwise. In each place of sale there is but one seller; and though it is possible to compare his terms with the prices demanded elsewhere by others, this can not always be done on the moment, and may involve much inconvenience and delay. A purchaser frequently finds it on the whole better to take the word of the seller for the fairness of the price demanded, than to verify his statements by going on the occasion of every purchase to another shop. It is probable, indeed, that if the charge be excessive, the purchaser will in time come to discover this, and may then transfer his custom to a cheaper market. This shows that competition is not inoperative in retail trade, but it shows also the sort of friction under which it works, and helps to explain what has often been remarked upon, and what, as a matter of fact, it is practically important people should bear in mind—the different prices at which the same commodity is frequently found to sell within a very limited range of retail dealing, almost in what we may call the same market. This is one circumstance that distinguishes retail from wholesale trading. The other lies in the advantage which his superior knowledge gives the seller over the buyer in the transaction taking place between them—a superiority which has no counterpart in the relations of wholesale dealers. In the wholesale market buyer and seller are upon a strictly equal footing as regards knowledge of all the circumstances

[1] Pol. Econ. i. 291, 292.

calculated to affect the price of the commodity dealt in. . . . The circumstances of retail dealing are here again in contrast with those of the wholesale trade. The transactions do not take place between dealers possessing, or with the opportunities of acquiring, equal knowledge respecting the commodities dealt in, but between experts on one side, and, on the other, persons in most cases wholly ignorant of the circumstances at the time affecting the market. Between persons so qualified the game of exchange, if the rules be rigorously enforced, is not a fair one; and it has consequently been recognized universally in England, and very extensively among the better classes of retail dealers in Continental countries, as a principle of commercial morality, that the dealer should not demand from his customer a higher price for his commodity than the lowest he is prepared to take.[1] Retail buying and selling is (*sic*) thus made to rest upon a moral rather than an economical basis; and, there can be no doubt, for the advantage of all concerned."[2]

Prof. Cairnes elsewhere refers to "the excessive friction in the action of competition in retail dealing." "The sluggish action of competition in this department of industry" (p. 132).

III. The laborer may be put at a disadvantage through the incidence[3] of taxation.

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[1] "In the great majority of cases, nowadays, the debate about the value of an article, called by Adam Smith, the *higgling of the market*, is confined to wholesale purchases and sales. But a generation or two ago, the habit of bargaining in matters of retail trade was general. It still is a custom in many European countries. It is all but universal in the East."—Prof. Rogers, Pol. Econ., p. 183. "The value of any thing in Spain is what you can get for it; consequently, every purchase, from the most expensive articles of luxury down to the poorest vegetable, entails a system of haggling and bargaining.'—Mr. Ffrench's Report on the Condition of the Industrial Classes, 1871, p. 606.

[2] Some Leading Principles of Political Economy, pp. 128–30.

[3] I do not speak here of the degree of taxation. Whether government shall take much or take little is a political question. In some countries, even in the present day, the only limit to exactions appears

A theory of taxation which has been urged somewhat widely asserts the entire indifference of the place or the subject of imposition. Instead of looking to the individual citizen to pay his personal contribution, in proportion to his means, towards the support of government, it is proposed to levy upon the agencies of production, or upon commodities in the course of exchange, or upon certain species of property visible and tangible, without consideration of the persons thus first called upon to pay the taxes, in the assurance that the burden will, through the operation of "the laws of trade," be diffused, in the course of time, equally over the entire community.[1]

We have, however, reached a point of view from which we can discern the fallacy of this doctrine. The diffusion theory rests upon the assumption of perfect competition. It is true only under the conditions which secure the complete mobility of capital and labor. Just so far as any class of the community is impeded in its resort to its best market by ignorance, poverty, fear, inertia, just so far is it possible that the burden of taxation may rest where it first falls. In the language of Prof. Rogers,[2] "taxes tend to remain upon the person who immediately pays them; or, in other words, it requires an effort, which is made with varying degrees of ease or difficulty, to shift a tax which is paid by the first payer to the shoulders of an-

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to be the limit of the people's means, and all above bare subsistence is carried away by the strong arm of the law, to be spent in pomp, luxury, or war. But this, as has been said, is a political question, and so long as taxation presses on each class of the community with weight proportional to its strength, I do not see that the economist can take account of the amount, any more than of the objects, of such expenditures.

[1] "I hold it to be true that a tax laid in any place is like a pebble falling into and making a circle in a lake, till one circle produces and gives motion to another, and the whole circumference is agitated from the centre."—Speech of Lord Mansfield, 1766, on the right of Parliament to tax the colonies.

[2] Cobden and Political Opinion, pp. 83, 84.

other." Not only is the effort of the first payer made with varying degrees of ease or difficulty, but the resistance of the other person, on to whose shoulders he seeks to shift his own burden, may be of any degree of effectiveness, powerful, intelligent, and tenacious, or weak, ignorant, and spasmodic. The result of the struggle will depend on the relative strength of the two parties; and as the two parties are never precisely the same in the case of two taxes, or two forms of the same tax, it must make a difference upon what subjects duties are laid, what is the severity of the imposition, and at what stage of production or exchange the tax is collected.[1] There can, I think, be no question that under the old *régime* a direction was given to taxation in every country of Europe, except Switzerland and Holland, which was intended to relieve the law-making classes from their just share of the expenses of government; and there can, I think, be as little doubt that, clumsy and unintelligent as was much of the financiering of those evil days, in this respect at least the intention of the law-making classes was effectually accomplished. It is the opinion of Prof. Rogers, than whom, certainly, no man living is more competent to judge of such a point, that the real weight of taxation during the great continental wars of England, fell upon and was endured by the poorer classes.[2] If this was true of England, where the common people never lost their power of self-assertion, what shall be said of the *misera plebs contribuens* of the Continent?

Speaking of France under the old *régime*, Sir Arch. Alison says: "Heavy taxes on the farmer, from which the clergy and nobility were exempt, aggravated by the arbitrary manner in which their amount was fixed by the intendant, and the vexatious feudal privileges of the landed proprietors, depressed the laboring classes, and rendered

[1] The Nation, June 11th, 1874.

[2] Notes to Adam Smith, Wealth of Nations, i. 349.

prosperity and good management little more than a signal for increased assessment. Such was the accumulated effect of these burdens that the produce of an acre being estimated under the old *régime* at £3 2*s.* 7*d.*, the king drew £1 18*s.* 4*d.*, the landlord 19*s.* 3*d.*, and to the cultivator was left the miserable pittance of 5*s.*, or one twelfth of the whole, and one eighth of the proprietor's share; or if the proprietor cultivated his own land, the king drew £1 18*s.* 4*d.*, and the proprietor only £1 4*s.* 3*d.* Whereas in England the produce of an acre being calculated at £8, the rent may be stated at £1 10*s.*, land tax and poor rates 10*s.*, and there remains £6 for the farmer, being twelve times the amount of the public burdens, and four times that of the rent to the landlord." (On Population, i. 412.) And the same writer (Hist. Europe, xxii. 490, 491) quotes from Balleydier as follows respecting the taxation of Hungary prior to 1848:

"To such a length had the abuse of these privileges been carried that the nobles and their servants paid no toll on passing the bridge into Pesth, though it contributed one of the principal sources of revenue enjoyed by the town. The peasants, bourgeoisie, and mechanics alone were burdened with it. The peasant alone paid the hearth-tax; he alone contributed to the expenses of the Diet and the county charges; he paid the dues of the schoolmasters, guards, notaries, clergy, and curates; he alone kept up the roads, the bridges, the churches, the public buildings, the dykes, and the canals; he alone paid the whole war taxes, and furnished the recruits to the army; and in addition to all this he was compelled to hand over a ninth of his income to his lord, and to give him fifty-two days' service in the year. Finally, besides the charges of transporting wood for his lord's family, he was burdened exclusively with the quartering of soldiers, and he was compelled at all times, and for a merely nominal remuneration, to furnish such to the county authorities or their attendants. The Spartan Helots were kings in comparison."

It may appropriately be added in this connection that while taxation, unequal in its incidence, may have the effect to place the laborer at a disadvantage, frequent changes of tax-laws are almost certain to prove prejudicial to his interests. We have seen that there is no assurance that excessive burdens imposed by taxation ill-considered or intentionally oppressive will be diffused by the course of exchange over the entire community in due proportion, but it can at least be claimed that there is a tendency to such a result, however far that tendency may be defeated or deferred. That this tendency should even begin to operate it is, however, essential that time should be given. It is only by a long course that the ameliorating effects looked for in the diffusion of burdens can be brought around, if at all. If tax-laws are often to be changed, the class which is from any cause already at disadvantage is sure to suffer further and increasingly. Those who are buying and selling, watching and manipulating the market, are certain to get all the benefit of the remissions, and to recoup themselves for all the substituted impositions. Those who are economically weakest, the ignorant, the very poor, and those who are distant from the centres of information and of trade, will suffer most.

IV. The wages class may be put at disadvantage by injudicious poor-laws. The subject is a large one, and I must be content with a "fierce abridgment." Let us go back at once to the elementary question, Why does the laborer work? Clearly that he may eat. If he may eat without it, he will not work. Simple and obvious; yet the neglect or contempt of this truth by the English Parliament, between 1767 and 1832, brought the working classes to the verge of ruin, created a vast body of pauperism which has become hereditary, and engendered vices in the whole labor-system of the kingdom which work their evil work to this day. The Law of Settlement has already been spoken of among the acts restraining labor in its resort to market; let us now contemplate the English

poor-laws as destroying the very disposition of the laboring class to seek an opportunity to labor.

By statute of the 27th year of Henry VIII. giving of alms was forbidden, and collections for the impotent poor were to be made in each parish. By 1st Edward VI. bishops were authorized to proceed against persons who should refuse to contribute or dissuade others from contributing. By 5th Elizabeth the justices were made judges of what constituted a reasonable contribution. By 14th Elizabeth regular compulsory contributions were exacted. But the more famous act of 43d Elizabeth created the permament poor-system of England. By it every person was given a legal right to relief, and the body of inhabitants were to be taxed for this object.[1] By subsequent legislation the burden was thrown entire upon the landowners. Voluntary pauperism was vigorously dealt with; the able-bodied were compelled to work; while by the act of 9th George I. parishes or unions of parishes were authorized to build workhouses, a residence in which might be made the condition of relief. This system, fairly administered, reduced the necessary evil of pauperism to the minimum. But, unfortunately for the working classes, a different theory directed legislation in the latter half of the eighteenth century, and a different temper of administration began to prevail. Six acts, passed in the early part of the reign of George III., intimated the changed spirit in which pauperism was thereafter to be dealt with. This spirit found fuller expression in Gilbert's act (22d George III.). Guardians were to be appointed to protect the poor against the natural parsimony of parish officers. The workhouse test was repealed for the able-bodied poor. Guardians were required to find work for all applicants as near their own homes as might be, and to make up, out of the rates, any deficiency in wages. By this latter provi-

[1] J. W. Willis Bund on Local Taxation, p. 17.

sion, says Sir George Nicholls,[1] "the act appears to assume that there can never be a lack of profitable employment, and it makes the guardian of the parish answerable for finding it near the laborer's own residence, where, if it existed at all, the laborer might surely, by due diligence, find it himself. But why—it may be asked—should he use such diligence when the guardian is bound to find it for him, and take the whole responsibility of bargaining for wages and making up to him all deficiency? He is certain of employment. He is certain of receiving, either from the parish or the employer, sufficient for the maintenance of himself and his family; and if he earns a surplus, he is certain of its being paid over to him. There may be uncertainty with others and in other occupations. The farmer, the lawyer, the merchant, the manufacturer, however industrious, active, and observant, may labor under uncertainties in their several callings; not so the laborer. He bears, as it were, a charmed life in this respect, and is made secure, and that, too, without the exercise of care or forethought. Could a more certain way be devised for lowering character, destroying self-reliance, and discouraging, if not absolutely preventing, improvement?"

The experience of England, under the operation of the false and vicious principle of Gilbert's act, answers the inquiry with which this quotation closes, in the negative. By 1832 the principle had been carried logically out to its limits in almost universal pauperism. In the case of one parish, the collections of the poor-rates had actually ceased, because the landlords preferred to give up their rents, the clergyman his glebe and tithes, the farmers their tenancies.[2] In numerous other parishes the pressure of the poor-rate had become so great that the net rent was reduced one half and more, while it was impossible for landlords to find tenants. The pauper class had been elevated

[1] History of the English Poor-Laws, ii. 96, 97. [2] Ibid., p. 253.

by a system of liberal relief, unaccompanied by a workhouse test, far above the condition of the independent laborers,[1] who had only to drop down upon the rates to be better fed, clothed, and lodged than their utmost exertions could effect while working for hire. Thus not only did industry lose its natural reward, but a positive premium was put upon indolence, wastefulness, and vice. All the incidents of the English system were bad: the allowance for each additional child was so much out of proportion to the allowance for adults, that the more numerous a man's family the better his condition;[2] while the allowance for illegitimate children was more liberal than for those born in wedlock.

Such was the system which the wisdom of Parliament, under the influence of the squirearchy, substituted for the economic law that he that would eat must work. The natural effects of this system were wrought speedily and completely. The disposition to labor was cut up by the roots; all restraints upon increase of population disappeared under a premium upon births; self-respect and social decency vanished under a premium upon bastardy.[3] The amount expended in the relief and maintenance of

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[1] The commissioners of 1832, as the result of extended comparisons, found that, while the pauper received 151 ounces of solid food per week, the independent laborer received but 122 ounces.

[2] "In some instances," says Dr. Chalmers, "the vestries have felt themselves obliged to rent and even to furnish houses for the reception of the newly-married couple."—Pol. Econ. 307.

[3] "The English law has abolished female chastity."—Mr. Cowell's Report.

"It may safely be affirmed that the virtue of female chastity does not exist among the lower orders of England, except to a certain extent among domestic servants, who know that they hold their situations by that tenure, and are more prudent in consequence."—Report of the Commissioners of 1831.

"In many rural districts it was scarcely possible to meet with a young woman who was respectable, so tempting was the parish allowance for infants in a time of great pressure."—Martineau, Hist. England, iii. 168.

the poor had risen to £7,026,969, or 10 shillings per head of the population. In this exigency, which in truth constituted one of the gravest crises of English history, Parliament, by the Poor-Law Amendment Act (4th and 5th William IV.), returned to the principle of the earlier laws; that principle being, as expressed by Prof. Senior, that it is "the great object of pauper legislation" to render "the situation of the pauper less agreeable than that of the independent laborer."[1] The workhouse test was restored, allowances in aid of wages were abolished, paid overseers were to be appointed, and a central commission was instituted for the due supervision of the system. Illegitimacy was discouraged by making the father responsible, instead of rewarding the mother, as under the former system. The conditions of "settlement" were mitigated so as to facilitate the migration of laborers in search of employment.

By this great legislative reform the burden of pauperism, notwithstanding that the evil effects of the old system still remained in a great degree, had by 1837 become so much reduced that the expenditure, per head of the population, sank to 5*s.* 5*d.* Mr. Baxter in his work on Local Taxation[2] gives some of the details by counties:

	1834.		1837.	
Sussex	18*s.*	1*d.*	8*s.*	7*d.*
Bedford	16	4	8	0
Bucks	16	11	8	8
Northampton	15	8	8	3
Suffolk	16	7	9	3

There is no need to draw, at any length, the moral of this episode in the industrial history of England. It is of the highest economical importance that pauperism shall not be made inviting. It is not necessary that any brutality of administration shall deter the worthy poor from public relief, but, in Prof. Senior's phrase, the situation of

[1] Foreign Poor-Laws, etc., p. 88.

[2] P. 11.

the pauper, whether in or out of the workhouse, should always be made less agreeable than that of the independent laborer. The workhouse test for all the able-bodied poor, and genuine labor up to the limit of strength within the workhouse, are imperatively demanded by the interests of self-supporting labor. One might, indeed, hesitate to carry the labor test quite so far as Pennant observed it in his Second Tour in Scotland, where he writes: "The workhouse is thinly inhabited, for few of the poor choose to enter: those whomever necessity compels are most usefully employed. *With pleasure I observed old age, idiocy, and even infants of three years of age contributing to their own support by the pulling of oakum.*"[1] There is no reason that I know of, why the principle of the factory acts should not be extended to the poor-asylum, to excuse infants of tender years from work, or any danger to helpful labor in allowing repose to old age or idiocy; but wherever there is a possible choice between self-support and public support, there the inclination of the poor to labor for their own subsistence should be quickened by something of a penalty, though not in the way of cruelty or of actual privation, upon the pauper condition. "All," says Mr. George Woodyatt Hastings, "who have administered the Poor Law must know the fatal readiness with which those hovering on the brink of pauperism believe that they can not earn a living, and the marvellous way in which, if the test be firmly applied, the means of subsistence will be found somehow."[2]

V. May the laborer be put at disadvantage through the form in which his wages are paid? A great deal of public indignation and not a little of the force of law[3] have been levelled at Truck. How, in an effort to treat the wages question systematically, are we to regard this practice?

[1] Pinkerton, iii. 197.

[2] Soc. Sc. Transactions, 1871, p. 146.

[3] About sixty acts of the British Parliament have dealt with Truck.

To truck (Fr. *Troc*) is to exchange commodities, to barter. The truck system of wages, then, is the barter system introduced between the laborer and his employer. What objection can there be to this? How can it be supposed to injure the laboring class? I shall discuss this question at length, not more on account of its intrinsic importance, than because it affords an excellent practical application of important principles relating to the distribution of wealth.

The truck system may take two forms. First, there may be given to the laborer a portion of that which he actually produces, whether that product be suitable to his wants or not, leaving him, in the latter event, to exchange it as he can for whatever he may desire, food, drink, clothing, fuel or shelter. Second, under the truck system the laborer may receive, not what he produces, but what he is to consume: he is paid in commodities supposed to be more or less suited to his wants.

Both these forms of truck are as old as labor; but in the earliest times they were generally found not separate but united. What the workman produced he also desired to consume, and for his labor in tending sheep and cattle, and in sowing and reaping grain, he received wool for his clothing, and meat and bread for his food. And so to-day are the laborers of many countries mainly paid; and doubtless in the majority of cases the practice is both necessary and beneficial. But when distinction came to be made of labor as agricultural and as mechanical, and when employments came to be much subdivided, it would happen that a laborer's production was calculated to supply but a part only, or perhaps none at all, of his wants; for it might be that an artisan of Birmingham or Sheffield would be employed in making an article which he not only never used but never even saw used. Hence, if he were to be paid in kind, he would be obliged to sell or exchange the same for commodities more suitable to his necessities, and this, it will be seen, he might have to do at

a very great disadvantage, having no place of trade, no business acquaintance, and no time to spend in bartering off his wares. So we find, in the fourth year (1464) of King Edward IV. of England, an act passed in which occurs the following:

"Also whereas, before this Time, in the occupations of Cloth-Making, the Laborers thereof have been driven to take a great part of their Wages in Pins, Girdles, and other unprofitable wares, under such price that it did not extend unto . . . . therefore it is ordained and established that every man and woman being cloth-makers, from the (said) feast of St. Peter, shall pay to the carders, spinsters, and all such other laborers, in any part of the said trade, lawful money for all their lawful wages."

This is the first English act aimed at the truck system. Between that and the act of 1st and 2d William IV. (c. 37) intervened nearly four centuries, during which this system, in one or both its phases, prevailed in respect to a great part of English labor, and apparently the British Parliament has not even yet done legislating about it.

I have said that the second form of truck is where the laborer is paid in commodities supposed to be suitable to his wants as a consumer, irrespective of the question whether he has helped to produce the identical articles or similar articles himself. This is done where board is given as a part of wages, but truck to this extent was expressly excepted[1] from the prohibitions of the great English truck act—namely, that of William IV., already referred to. Another form of partial payment which is in the nature of truck, is the allowance of perquisites and privileges, such as the keep of a cow, the gleaning of the wheat-field, the cutting of turf, and others which we have had occasion to mention in speaking of the difficulty of

[1] It was made lawful to stop wages on account of victuals dressed or prepared under the roof of the employer and there consumed by the artificer.

estimating the real wages of the laborer. This kind of payment prevails, from the nature of the case, mainly in respect to agricultural labor, and *agricultural truck was not forbidden*[1] by the act of William IV. One form of agricultural truck deserves especially to be noted. It is found in the beer or cider allowances so prevalent in England.[2] The farms in that country where such payment is not stipulated or is not customary would doubtless be found, on a count, to be in a decided minority. In many cases the allowance is in amount reasonable, if we assume that the use of these drinks in any quantity at all is desirable; but in a vast number of instances the figures of these allowances as reported are startling to minds unfamiliar with the statistics of beer-gardens. In some places Mr. Purdy reports[3] that the men have from 2 to 4 quarts of beer daily; women and children half that quantity. The cider-truck would seem to be carried to a far greater extent. Mr. Edward Spender states[4] that the agricultural laborers of the cider-producing countries, particularly Herefordshire and Devonshire, receive from 20 to 50 per cent of their wages in cider! Eight to twenty pints a day he indicates as the actual range.[5] With such a state of

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[1] "Nothing herein contained shall extend to any domestic servant, or *servant in husbandry*" (xx.). This exception was due in part to the reason of the case, and in part, we can not doubt, to the want of political power in the agricultural labor class.

[2] The words of the Massachusetts General Court are worthy to be commended to the high and mighty Parliament of England. "Whereas it is found, by too common and sad experience, in all parts of the colony, that the forcing of laborers and other workmen to take wine in pay for their labor is a great nursery or preparative to drunkenness and unlawful tippling, . . . it is therefore ordered and ordained by this Court that no laborer or workman whatsoever shall, after the publication and promulgation hereof, be enforced or pressed to take wine in pay for his labor." (May 14, 1645.)

[3] Statistical Journal, xxvii. 526.

[4] Statistical Journal, xxiv. 333, cf. 339.

[5] "In Herefordshire it has happened that a farmer paid his laborers 9 shillings a week in money, and during harvest-time 9 gallons of cider a

things, no wonder Mr. Spender can quote the statement of a medical gentleman, long resident in the cider district, that "the failure of the apple crop has the same favorable effects on the health of the laborer as the good drainage of a parish has on the health of the inhabitants generally."

But the form of truck which has especially excited the opposition of the working classes, and which has been stringently prohibited[1] by law in England, is the furnishing by the employer to the mechanical laborer, of goods for his personal and family consumption, the charges for the same being set off against the wages due. It is of truck in this sense only that we shall hereafter speak.

The custom of part-payment in goods, which at one time prevailed almost universally in many districts in England and very generally in the United States, did not fail to find excuse for itself in the supposed advantage of both parties. It was claimed that, in many branches of

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week." Mr. Spender's computations assume that the cider was a good merchantable article. On this point see Heath's English Peasantry. One of the "clergy returns" published in the Report of the Convocation of Canterbury on Intemperance, states the allowance of cider to a laborer at harvest-time at 2½ gallons daily; another at nearly 2 gallons (p. 39). In one of the "workhouse returns" the governor speaks of laborers as "swallowing, some of them, as much as 3 or 4 gallons a day." (Ibid., p. 40.)

[1] The Act of 1st and 2d William IV. provides that "in all contracts for the hiring of any artificer in any of the trades enumerated, the wages of such artificer shall be made payable in the current coin of the realm, and not otherwise." The trades enumerated are the manufactures of iron and steel; the mining of coal or iron, limestone, salt-rock; the working or getting of clay, stone, or slate; manufactures of salt, bricks, tiles, or quarries; hardware manufactures, textile manufactures, glass, china, and earthenware, manufactures of leather, and others.

There was excepted the right to supply to artificers medicine and medical attendance; fuel, materials, tools, and implements in *mining;* also hay, corn, and provender to be consumed by any horse or beast of burden employed by the artificer in the occupation; also, to furnish tenements at a rent to be thereon reserved; also, to advance to artificers money to be contributed to friendly societies and savings-banks, or for relief in sickness, or for the education of children.

industry, the proximity of stores and shops kept by persons disconnected with the employers could not be relied on to the degree required for the supply of the laborers' wants. This plea was urged with most assurance, and probably with the greatest degree of truth, in respect to truck-stores for navvies engaged upon canals and railways, as the gangs employed on such works are, from the nature of the work, continually shifting their place, and often pushing into districts settled sparsely or not at all. At the same time, evidence was presented in the Commons Report on Railway Laborers (1846) going to show that the supposed necessity for truck did not exist even here.[1] But as the building of canals and railways had reached no great proportions in 1831, when the act of 1st and 2d William IV. prohibiting truck passed, this department of industry was omitted from the enumeration in that act, and the truck system was kept up in full vigor on the canals and railways of the kingdom long after it had ceased elsewhere, or had sunk into an illicit traffic maintained, under disguise and at risk, by the least reputable employers.

The department of industry which, next to that mentioned, put in the strongest plea for truck, was coal and iron mining. In the nature of the case, works of this character are found principally at considerable elevations, upon difficult and broken ground, and often at considerable distances from market towns.[2] Hence the proprietors were not without a show of reason in holding that the prompt and sure supply of a large and perhaps fluctuating body of workmen required that shops for the sale of the necessaries of life should be established in immediate connection with the works themselves.

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[1] Sir Morton Peto, then a great contractor, and one of the partners of Thomas Brassey, testified that there was no difficulty in provisioning men on the most remote sections of railway. (Report, p. 75.)

[2] Commons Committee on Payment of Wages Bill, 1854. Report, pp. 37–9.

But the opportunity to add to the profits of manufacture the profits, and (through the unscrupulous exercise of the influence and authority of the employer) more than the ordinary profits, of trade, did not suffer truck to be confined to departments of industry presenting so much of an excuse for the system as the building of canals and railways, and the mining of coal and iron. Truck long prevailed, to a vast extent, in connection with many branches of manufacture, and in many communities, where no reason but the greed of employers existed for the practice. Workmen were compelled to buy at the master's store, on pain of discharge. Sometimes hints accomplished the object; sometimes threats were necessary; sometimes examples had to be made. However strong the disapprobation of the workmen, or of the larger community around, the profits of truck were so enormous as to overcome the scruples and the shame of many employers. Those profits were five-fold. First, the ordinary profit of the retail trader, large as that is, and larger as we know it becomes, in proportion to the ignorance and poverty of the customer. Second, there was a great diminution of ordinary expenses, due to the compulsion exercised. The trader, who was also the manufacturer, did not have to resort to costly advertising to draw custom, to maintain an attractive establishment in a convenient location, or to keep up an efficient body of clerks and attendants. The only advertisement needed was the ominous notice to trade there: the store might be the merest barn, the service might be reduced to a degree involving the greatest inconvenience, and even hardship, to the customer.[1] Third, it seems to be abundantly

[1] Mr. Seymour Tremenheere, in his exhaustive evidence before the Select Committee of 1854, stated that the truck-shops were so small, and the persons retained to serve customers so few, that the women attending to get supplies for their families, on the credit of their husbands' wages, frequently could not enter, but that fifty or one hundred would be seen collected outside, waiting their turn to be served. He

proved, by the evidence before the several commissions and committees, that the charges at the truck-shops were generally higher by 5, 10, or 15 per cent than at the ordinary retail stores. Fourth, the employer, having the absolute control of the laborers' wages, incurred no bad debts such as eat up the profit of the open trader. Fifth, the quality of the goods furnished was likely to be as best suited the interests of the employer, who, for the best of reasons, feared no loss of custom.

Such was truck in England before the act of 1st and 2d William IV.; and there can be no question in the mind of any candid person who peruses the painful evidence adduced in the course of the several inquiries which took place before and after that legislation, and who carefully considers the nature of the case, that, whether the system be intrinsically mischievous or not, abuses[1] shameful and

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had himself seen women with children in their arms standing in the open air in bad weather, and on asking had been told they had been waiting for hours. (Report, p. 8.)

Other witnesses placed the time for which a woman might thus be compelled to wait at the truck shop at two, four, or six hours, or even longer. (Report, pp. 42, 128, 156–7, 322, 330, 371.) Meanwhile the children not in arms were locked up at home.

Mr. J. Fellows, Registrar of Births, Marriages, and Deaths at Bilston, but also, it ought to be mentioned, a retail grocer, stated that in sixteen years he had had occasion to record a number of deaths, which he placed, from memory, at eleven, of young children burned in the absence of their mothers while waiting at these shops. (Report, p. 43).

[1] Sir Archibald Alison appeared before the Committee of 1854 as the champion of truck.

"I think," he said, "generally speaking, the people are furnished with subsistence, and with articles of use for themselves and their families infinitely better than from the stores of private dealers."—Report, p. 229.

"From all that I have seen I think the establishment of stores has been followed by a great improvement in the condition of the workmen."—Ibid.

"I have known instances of workmen going miles to the master's stores in preference to dealing with the private shops."—P. 234.

". . . . the immense advantage of the truck system in compelling

even horrible were perpetrated under it. Doubtless there was much passionate exaggeration by men smarting under its evils, as there was in respect to the abuses of the old unreformed jails; to the wrongs of American slavery; to the outrages of the Confederate prison-pens; but if the simple truth respecting truck in England in the early days of this century could be written out, it would form one of the most painful chapters in the long and dreary story of "man's inhumanity to man."

Another wrong which it is charged is done to laborers through the form of their payment, is by the so-called rental by the employer to the laborer, of the tools and machines necessary to production, the wages being stopped to the amount of the "rent." This alleged abuse attracted attention from economists and legislators in England particularly in connection with the hosiery manufacture, and we will, for brevity, draw our illustrations wholly from that branch of industry.

The system of Frame Rents, as exposed by the evidence before the Commission of 1844 and the Committee of 1855, was this:

Instead of the employer hiring laborers to work upon his own machines, paying them net wages for their service, the knitting is let out to middlemen upon contracts; "the middleman supplies the workman with frames and other machinery, sometimes belonging to himself and sometimes hired of the manufacturer or other owner, and when he settles with the workman, he deducts out of the gross price per dozen of the work performed, first, a sum

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the workman to spend a large portion of his earnings in food for himself and his family."—P. 245.

"I think the workmen in the great manufactories and collieries are just like a great ill-disciplined army. It is just as impossible to make them *dispose of their money properly* as it would be to provide an army with adequate subsistence if you were to abolish the commissariat and pay every man in money, and let him buy his provisions where he pleased."—Pp. 237, 238.

as rent for the use of the frame; secondly, a sum for winding the yarn, which is a necessary operation for each workman; a third sum to remunerate himself for the use of the premises where the work is performed, and for the standing-room of the frame; and a fourth for his trouble and loss of time in procuring and conveying to the workman the materials to be manufactured, for his responsibility to the manufacturer for the due return of the materials when manufactured, for superintending the work itself, and for his pains in sorting the goods when made, and in redelivering them at the warehouse of the manufacturer." The language quoted is that of the Committee of 1855.

That this system of gross wages, with deductions to be made for the use of machinery employed and on the other accounts specified, was not necessary to protect the owners of the machinery was abundantly proved by the fact that in trades requiring the use of even more costly and delicate machinery, the plan of clear net wages prevailed. The real reason for the frame-rent system, as brought out unmistakably by the evidence, was the profit to be made from the use of the frames, owned partly by the manufacturers and partly by the middlemen. This was admitted by the manufacturers themselves, who even claimed that but for this profit they could not carry on their business in a depressed condition of trade.[1]

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[1] Just as Sir Archibald Alison admitted, the masters made use of the opportunities of the truck-system. Thus he speaks of "periods of great distress, when the masters are driven *to be sharp with their furnishings.*" (Report of the Committee of 1854, p. 232.) "I have no doubt that under these circumstances, during these periods of distress, they sometimes *furnish inferior articles*, at least to what they have furnished before." . . . . The complaints which I have heard have almost always been *complaints about measure;* or, in some instances, I have heard complaints, in periods of distress, that the quality of the goods was inferior." . . . . I think when a master is receiving high prices for his articles, for iron and coal, then his pockets are full of money, he is in affluent circumstances, and he is not, therefore, under the necessity of being strict with his furnishings;

The fact of rents so high as to make this profit often enormous was abundantly proved. Mr. Muggeridge presented authentic accounts of transactions where the annual rent charged approached, equalled, or even exceeded the value of the frames. Thus one workman in 22 years paid as rent upon a frame worth but £8 or £9 between £170 and £180.[1] Another paid ninepence a week for 30 years, on a frame costing at the beginning but £7, and requiring but £6 or £7 for repairs during the entire period. Still, again, Mr. William Biggs, a member of the Committee of 1855, had testified before the Commission of 1844 that during the two years 1835–36 his firm owned £8000 of frames; that the rents amounted to £5100, which, after deducting 5 per cent interest *per annum* on the capital invested, and the cost of all repairs and incidental expenses, left a clear profit of £1950, or 24½ per cent for the two years.

Such was the system by the admission of those interested in its maintenance. But there can be no question that abuses were easily perpetrated under it. "The amount of this deduction," says Mr. Muggeridge,[2] "is regulated by no fixed rule or principle whatever; it is not dependent upon the value of the frame, upon the amount of money earned on it, or on the extent of the work made; it has differed in amount at different times, and now does so in different places; the youthful learner or apprentice pays the same rate from his scanty earnings as

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that is to say, *when trade is good, he gives good measure,* he gives the best articles, and is liberal with his workmen; he does not feel the pressure himself. If in bad times he is out at elbow and feels the pressure, as he always does in a monetary crisis, then he is obliged to be more strict with his workmen, and then complaints are made." There is something beautiful in this Tory confidence in human nature, leading to the assurance that masters will never cheat their workmen in measure or quality unless it is positively necessary to save themselves.

[1] Report of the Committee of 1855, p. 160.

[2] Ibid.

the most expert and skilful workman in the trade from his of four-fold the amount." Moreover, the workman, obliged to hire the machine if he would have employment at all, was compelled, not infrequently, to pay the rent not only when prevented by sickness from labor, but also when no work was furnished him by the middleman, who had a direct interest not only in "spreading the work over a greater number of frames than were requisite,"[1] the amount given out being, accordingly, in some cases, "what would be three full days' work in a week, in others four, in some as little as two,"[2] but also in keeping inferior machines of antiquated pattern worn to the very edge of absolute inefficiency, since the less each machine could perform, the larger the number which would be required; and the more hands he could hold in dependence on him for an inadequate occupation, the more complete his control over these unfortunates; the more meagre the living they were able to get off their frames, the less likely they were to have either the spirit or the material means to remove.

I have given so much space to the questions of Truck and Frame Rents, both because of their prominence in the history of labor and in economical literature, and because they afford illustrations of certain very important principles in the philosophy of wages.

To the appeals of the working classes for legislation abolishing these systems, the economists of the Manchester school have replied with the doctrine of *laissez faire*. Asserting, as they did in their contest for free trade, the self-sufficiency of capital, they felt bound to vindicate their consistency by asserting the self-sufficiency of labor. To them truck and frame-rents were a mode of ascertaining the wages of labor; and they deemed the hours and me-

[1] Report of the Committee of 1855, pp. 163, 164, cf. p. 22.

[2] Ibid., p. 165, cf. p. 24.

thods of labor and the amount and kind of wages matters to be left to employers and employed,[1] subject only to the "law of supply and demand." By the operation of this law, they claimed, the employer gets the laborer's services for the least sum possible under the conditions of supply; and on the other, the laborer secures the greatest sum for his services consistent with the existing demand. The employer's least price and the laborer's greatest price are therefore the same, and no injustice can be done so long as both parties are left free by law.

It is, however, fairly a question whether the writers and statesmen of this school, in their valorous disposition to stand by their principle in every case where issue on it might be joined, have not mistaken their ground in the matter of frame-rents and truck. Surely, freedom of contract, on which the Manchesterians insist so strongly, does not involve freedom to break contracts or to evade contracts; nor does the most advanced advocate of *laissez faire* propose that breach of contract shall be left to be punished by natural causes—that is, by the loss of business reputation, by the withdrawal of confidence, or by public reprobation. But if exactitude of performance may be enforced by law without any interference with industrial freedom, why, pray, may not precision in terms be required by the law, as the very first condition of a due and just enforcement of contracts? Precision in terms is, however, manifestly incompatible, in the very nature of the case, with truck; for if the employer says to the laborer, "I will pay you for your work twenty shillings a week, but you shall take it in commodities at my prices," he does not in fact agree how much he will pay the laborer; the use of the term twenty shillings becomes purely deceptive: it may mean more or less according as the employer chooses to fix his prices at the time; the laborer can not tell what his wages really are; the law can not tell, and therefore can not enforce

[1] Fawcett's Speeches, p. 130.

the laborer's right if litigated.[1] Perhaps we can not say that precision in terms is incompatible with the very nature of the system of machine rents; but there is ample evidence to prove that it has been so in fact, and therefore the law, which is bound to enforce the contract, may justly demand that the contract shall not contain an element unsusceptible of exact determination. This is not interference with freedom of contract, but with looseness and uncertainty of contract, or with the power of one party to a contract to break, evade, or pervert its terms.

But I am not anxious to reconcile the prohibition of truck and machine rents with *laissez faire*. The authority accorded to that precept is not, in my opinion, to be justified on strictly economical principles.

We have previously (p. 168–9) discussed the principles on which it should be judged whether a law prohibitive or regulative in form really impairs competition, and prevents the resort of labor to its market. It was there seen that such a measure, though unquestionably obstructive as against a supposed pre-existing condition of perfect practical freedom, might, by removing important moral or intellectual obstacles to free action, which actually exist in human society as it is, have the effect to promote, and not retard, industrial movement.

Now, let us apply this principle to a proposed law in regulation or restraint of truck. It is, say Mr. Bright and Prof. Fawcett, an interference with freedom of contract and an obstruction to trade, and therefore mischievous—

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[1] For instance, suppose in a truck establishment a workman to die having undisputed claims on the employer, for work done, to the nominal amount of 100 shillings: what amount would his widow be entitled to recover in money at law, or would the employer be entitled to pay the debt into court in groceries and provisions, in quantities and at prices to suit himself? If the man had lived, the 100 shillings would have been paid, wholly or in part, in truck. His death certainly does not change the nature of his claim; yet is it conceivable that a court should award a payment in kind?

laissez faire, laissez passer. But is it really or only formally obstructive? There will not be absolute freedom of movement with it. Granted. But is there absolute freedom of movement without it? Assuredly not. Shall not, then, the question be, whether there will be more freedom with or without such a law?

Now, if we ask the question respecting truck and framerents in England as they were in the first half of the century, it must, I think, be answered that interference with the formal freedom of contract in these particulars served to enhance, in a most important degree, the substantial freedom of movement among the laboring classes. The laborer's practical ability to seek his best market is made up of a material element—the means of transportation and present subsistence—and of intellectual and moral elements quite as essential, the knowledge of the comparative advantages of the different occupations and locations offering themselves, and the courage to break away from place and custom to seek his fortune elsewhere. Ignorance and fear keep far more men in a miserable lot than does the sheer physical difficulty of getting from place to place, and sustaining life meanwhile.

At the laborer's knowledge of the comparative advantages of different occupations and locations, the truck and machine-rent systems struck a deadly blow. In addition to the inevitable difficulties in determining the real wages of labor, which were detailed in Chapter II., this system introduced a new and most hopeless element of uncertainty. The laborer's wages, paid nominally in money, were to be converted into commodities for his consumption, by an illicit process, at rates governed by the pleasure of the individual employer at the particular time. The truck system was maintained for the purpose chiefly, as was admitted, of enabling the employers to "sweat" their laborers' wages, as counterfeiters "sweat" the coin of the realm. It was claimed that in this way employers might make themselves good, if the nominal wages they were

paying were too high, more easily than they could obtain a reduction in the nominal wages themselves. Moreover, the degree to which wages should be thus reduced would depend upon the rapacity or the necessities of individual employers, and also upon the state of manufacture and trade.[1] The great flexibility of these charges was universally admitted; and, indeed, the readiness with which they could be adapted, in form and degree, to the times and exigencies of the master's business was made one of the chief recommendations.

If workmen are to seek their own interests, they must know them. Every thing that tends to simplify wages makes it easier for the laborer to dispose of his service to the highest advantage. Every thing that tends to complicate wages puts the laborer at disadvantage. A system of gross wages, with deductions "regulated by no fixed rule or principle whatever" (Muggeridge), varying with times and places, and, as Sir A. Alison admits, varying with the state of trade and the disposition of employers, makes it impossible for the most enlightened workman to act intelligently respecting his interests, while the uneducated workman loses his reckoning completely: his senses are deceived, and he is put wholly at the mercy of the extortioner.[2]

But it is said the workman may not, indeed, be able to compute with exactness his net wages and those of his fellows, through all this system of allowances and deductions and payments in kind; but he surely can appreciate the result so far as his own comfort and well-being are

[1] See Sir A. Alison's remarkable admissions on this point, quoted in note to page 333.

[2] "This is a great oppression," quoth Arthur Young. "Farmers and gentlemen keeping accounts with the poor is a great abuse. So many days' work for a cabin, so many for a potato-garden, so many for keeping a horse, and so many for a cow, are clear accounts which a poor man can understand well; but further it ought not to go,—and when he has worked out what he has of this sort, the rest of his work ought punctually to be paid him every Saturday night."—Pinkerton, iii. 815.

concerned; he surely knows whether he is well off or not; and if he feels himself wronged, he will seek a better employer. But how, I ask, is he to judge in advance, under such a system of combined truck and machine rents as oppressed the framework-knitters of England fifty years ago, whether his condition would be more tolerable under another master or in another place? Suppose him to have the rare intelligence and enterprise to ascertain the *gross* wages paid by other employers, perhaps in distant localities, and to find some more favorable than his own, how can he have the slightest assurance that greater severity in the administration of the system of stoppages and deductions, and greater greed in pursuing the profits of truck, might not make the difference, and perchance more than the difference, in nominal rates? He can not tell until he has tried, and how often would a workman, on such a narrow margin of living, and it may be with a family, be able to change employers and shift his place in order to better his lot? How surely would he, after one or two bitter disappointments, relinquish the effort, and sink without a struggle into his miserable place, getting what wages he could, and taking for them what he might, at "the master's store." The fact is, the system of truck and machine rents, as administered in England in the early part of the century, completely *blindfolded* the workman, and left him to grope about in search of his true interest, in peril of pitfalls and quagmires, or, as was most likely, to submit in sullen despair to every indignity and injury of the position in which he found himself.

Surely, then, we are entitled to say that laws in restraint of these practices differ from those other laws affecting labor which have been described in this chapter, in the one all-important particular, that the latter were intended to diminish that mobility by which laborers could seek their best market, while the former have the effect to make competition more easy and certain.

Is truck, then, always subject to economical censure? I answer, No. Truck is a form of barter; and he would be a bold man who should say that barter is always and everywhere prejudicial. When truck arises naturally, is compatible with the general usages of exchange, and is maintained in good faith by common consent, it may not only be unobjectionable but highly advantageous to all classes.[1] When, however, truck is forced upon a body of impoverished and ignorant workmen against the general usages of exchange, and maintained by intimidation as the means of "sweating" their wages, and keeping them down to the barest subsistence and under an incapacity to migrate, then truck becomes a horrid wrong and outrage. This varying aspect of truck, according to the circumstances and character of the community among which it is introduced, exemplifies the futility of setting up as economical principles what are in truth mere rules of expediency.

Thus, if barter be the general condition of exchanges in a new community, as it ordinarily is in the scarcity of currency, we may fairly say that it constitutes no special hardship to the laboring classes that they have to receive their wages in kind. Doubtless, in the further development of society and industry, the introduction of money payments in such a community will prove a real and great industrial advantage to all classes. Doubtless, also, the wages class, as presumably the poorest class, and that, also, the members of which have least time and opportunity for rendering the commodities they may chance to receive in payment, into the commodities they desire to consume, would be most helped by such an advance.

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[1] M. Ducarre's report notices with approbation the attempt of the Orleans Railway Company to supply their 14,000 employees with food and clothing. The results seem to show that the workmen thus obtained their supplies thirty per cent cheaper than they could have done at the shops. There is no reason why such enterprises should not be carried out to a much greater extent, to the highest advantage of employers and workmen, and with general consent.

Yet, prior to that consummation, the wages class, or the economist speaking for them, could scarcely make complaint that they were obliged to share in the general inconvenience, even though, from their industrial position, they might feel it more severely than others; or demand that exemption from truck be secured them by law. Indeed, in such a general condition of exchange, it is quite conceivable that a class which should be enabled to enforce money payments to itself might thus secure an undue advantage which would be resented by others as obtained at their expense. An amusing illustration of this is furnished by Gov. Winthrop in his History of New-England, as follows:

"One Richard ——, servant to one —— Williams, of Dorchester, being come out of service, fell to work at his own hand, and took great wages above others, and would not work but for ready money. By this means, in a year or a little more, he had scraped together about twenty-five pounds, and then returned, with his prey, into England, speaking evil of the country by the way," etc., etc. (Vol. ii. 98, 99.) The good governor notes with apparent gusto the fact that he was met by the cavaliers and eased of his money—his prey—on his arrival.

But if we come, now, to consider a state of industrial society in which exchanges are generally effected through the use of money, and inquire as to the results to a single class of the community of being reduced, through some force operating upon them when in a position of disadvantage, to accept payment for their services in commodities[1] instead of currency, those, at least, who discard the

[1] Clearly the evil, if there is any evil in the system, will be somewhat according to the variety of the articles thus forced upon the laborer. The greater that variety the greater his disadvantage. One of the arguments against abolishing or abating agricultural truck has been that the arrangement was generally restricted to "one, two, or three distinct things."—Testimony of Mr. Tremenheere before the Committee of 1854. Report, p. 102.

theory of diffusion can easily see that wrong amounting to robbery might be wrought by this means. To deny to one class the advantage they would naturally derive from the introduction of a universal "standard of value and medium of exchange," while allowing it to the classes with which that single class is to compete for the possession of wealth, would be not unlike prohibiting to one merchant the use of the railway, and sending him back to the stage-coach, while his competitors were permitted to use the telegraph and the steam-car. So long as the coach was common to all, none had equitable cause of complaint of the want of a better means of transportation. The hardship, such as it was, lay in the constitution of things. When the steam-car and telegraph came, they did not benefit all alike; on the contrary, they tended to inequality;[1] to make the great greater, the small, by comparison at least, smaller, yet no one could rightfully charge blame in that he received less than others of the great addition to human well-being. It would be quite another thing, however, were one individual or class to be prohibited from participating, in his measure, in what should be the gain of all. This would be ground for complaint; this would be gross, palpable injustice. And such a wrong was that truck against which the statute of 1st and 2d William IV. was levelled. Truck prevailed, not because it consisted with the general system of exchange in the country at the time, not because it was for the convenience of both parties, not from any scarcity of currency to allow cash payments, but, in the vast majority of instances, it had been forced[2] upon the working classes simply and solely be-

[1] The effects of railways in taking the life out of small country towns, and drawing trade and manufactures to junctions and termini, are too familiar to need illustration.

[2] In some cases even the pretence of adapting the commodities, in which the laborer was paid, to his wants was abandoned, and the laborer was paid in whatever was most convenient to the employer. Evidence was given before the Committee of 1854 that workmen were

cause it enabled the employers to add the profits of trade to the profits of manufacture; because it kept the laborers always poor and in debt, and diminished the ease, or practically destroyed the possibility, of migration.

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sometimes forced to receive such an excess of flour, for instance, as to have to pay their rent in this article, of course at inconvenience and with a loss. (Report, p. 6.)

CHAPTER XVIII.

WHAT MAY HELP THE WAGES CLASS IN ITS COMPETITION FOR THE PRODUCTS OF INDUSTRY.

In Chapter III. were set forth certain causes which go to heighten the efficiency of labor and increase the product of industry. Under the present title I shall have occasion to speak of causes, some of them the same, as operating to give the wage-laborer a larger share of that product, without reference to its absolute amount.

Bearing in mind still that it is competition in the full sense of that word, involving as it does the strong desire and the persistent effort to buy in the cheapest and sell in the dearest market, which alone is needed to give the wages class the highest remuneration which the existing conditions of industry will allow, we can not find difficulty in enumerating the principal helps to this end.[1] These are:

I. Frugality. All capital is the result of saving; and the frugality of the working classes, contributing to the increase of the wealth available for the purposes of industry, secures indirectly an increase of production.

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[1] Mr. Mill says: "When the object is to raise the permanent condition of a people, small means do not merely produce small effects, they produce no effect at all." (Pol. Econ., i. 459.) The remark is just, but is perhaps liable to be misunderstood. Causes which, when contemplated as operating in a given moment, appear so small as to be inconsiderable, may, if they operate continuously in any direction, produce great effects; but then such causes can not, in a philosophical view, be considered small.

But we have here only to do with the fact that, without reference to any increase of production, the workman's frugality gives him a distinct advantage, rendering competition on his side, in one degree, more effective. No matter how clearly workingmen may discern their interest in a prompt resort to another market, whether that imply a change of occupation or of place, or both, without some savings out of their past earnings they must e'en say, with the "Third Citizen" in Coriolanus, "We have the power in ourselves to do it; but it is a power that we have no power to do." No human thought can distinguish the several parts of ignorance and of penury in the immobility of agricultural labor in the West of England; but it can not be doubted that the poverty which has existed among that class since the Napoleonic wars has contributed largely to the miserable result. Their scanty earnings have rendered it extremely difficult for them to make any savings out of their wages; the lack of savings has placed them at the mercy of their employers by rendering it extremely difficult for them to escape to localities offering superior inducements. Prof. Fawcett, writing from Salisbury in 1873 or '4, says of the agricultural laborers of that section: "They are so poor that it is absolutely impossible for many of them to pay the expense of removing even to a neighboring county."[1] I have already cited the testimony of Mr. Muggeridge[2] respecting the removal of large numbers from the south and west of England at the public expense, by which persons who had actually been supported as paupers were immediately brought to a condition of comfortable self-support. In some rare instances this removal of laborers has been effected by the enterprise of private employers. Thus, at the meeting of the Social Science Association in 1874, Mr. C. M. Palmer, of Newcastle, one of the largest employers

[1] Correspondence of the Daily News.
[2] P. 185.

in England, stated that some years previously, when there was great distress in Cornwall, he had sent an agent to collect laborers, paying him so much for each man recruited, offering minimum wages until the men should become instructed in mining, one half the cost of transportation to be ultimately deducted from their wages. Mr. Palmer deemed that the enterprise had been very prosperous both in his own interest and in that of the laborers. The philanthropic endeavors of Canon Girdlestone in securing the removal of laborers from the crowded districts have also been alluded to. But whether such schemes are undertaken by government, by business enterprise, or by private charity, they are almost sure to be successful, if at all, in some lower degree than where the laborer is furnished with means of his own earning and saving, and undertakes his own removal. In strong contrast with the helpless condition of the agricultural laborers of the south and west, Prof. Rogers notes the independence of the laborers of Cumberland and Westmoreland, of whom it is reported that they "never allow themselves to be destitute of such a sum of money as will enable them to emigrate in case the ordinary rate of wages shows signs of yielding to the pressure for employment." [1]

On men thus provided, the casualties of production will work small permanent injury. Their reserves enable them to tide over any commercial disaster, and the return of prosperity finds their efficiency unimpaired. If, on the

[1] Pol. Econ., pp. 101, 102. The savings-banks statistics bear out this assertion respecting the laboring classes of these counties. By the report of the Penrith Branch of the Carlisle Savings-Bank, it appears that the total amount due to 260 male farm servants was £9259 9*s.* 5*d.*; to 240 female farm-servants, £7904. 8*s.* 9*d.* Instances are given of £200, £300, or even £500 having been accumulated by a single person. (Second Report (1869) of the Commission of 1867 on the Employment of Children in Agriculture, p. 141.)

Sir Frederick Eden in his "History of the Poor" has preserved some remarkable instances of considerable accumulations out of earnings. (I. 495. 496, note.)

other hand, the steady decline of industry in their section, under any general or special cause, imposes on them the necessity of migration, they can go at the best time and in the best way. Thus we see that frugality on the part of the working classes goes far to supply that condition on which competition will secure to them absolutely the highest wages which the existing conditions of industry allow. "Wages," says Mr. Mill, "are likely to be high where none are compelled by necessity to sell their labor." [1]

But while frugality is thus a condition of great importance in securing a beneficent distribution of the product of industry, we are compelled to acknowledge that the condition of the wage-laborer is not conducive to the development of this quality. We saw [2] that he must, human nature being what it is, be somewhat less industrious than the person who works on his own account; he is also likely to be less frugal. Take the case of the "peasant proprietor" of land. Is there an hour of the day left, there is always something to be done; the land is ever crying out for labor. Has he a few shillings to spare at the end of the month, there is always something connected with the land which demands its investment. Whether it be work on the growing crop, or the ditching, fencing, and clearing of land, the increase of live stock and implements, or additions to stables and barns, the small farmer has always a good use to which to put every hour of labor and every shilling of money which he can command. After all, it is as Sismondi said: "The true savings-bank is the land."

With the wage-laborer the case is different. He can not reapply any portion of the product of his labor directly to the subject-matter of his labor, for that is not his. If he would put any portion of his wages to a reproductive use, he must seek out some borrower, and the amount he has to lend being small, this borrower must

[1] Pol. Econ., i. 442.
[2] P. 74–7.

be the bank, which will lend the money out, he knows not when, he knows not where. This is a very cold-blooded affair compared with the application of earnings to the land by the proprietor thereof, who works over it and lives upon it, who feels that it is all his, and shall be his children's after him. Neither the imagination nor the affections are addressed very powerfully by the savings-bank. There is, besides, some delay involved in a deposit, which, however slight, defeats many a good resolution and brings many a half-consecrated sixpence to the grocery or the bar-room.

I have named in the last word the great foe to frugality in the working classes. Wholly aside from the perversion of instincts, the loss of laboring power, and the actual vice and crime resulting from drunkenness, the waste of wealth shown by the statistics of the consumption of wine, beer, and liquors by the working-classes is appalling.

I had occasion in the preceding chapter to refer to the payment of beer and cider as a part of agricultural wages in England. The amount of money actually received and spent for these and stronger drinks is estimated, on respectable authority, as follows:[1] 1869, £113,464,874; 1871, £118,906,066; 1873, £140,014,712. The author of this computation proceeds to estimate the cost of the bread consumed annually by the people of England at £2 12*s.* 6*d.* per head; the cost of tea, coffee, sugar, rice, and cocoa consumed, at £1. 10*s.* 9*d.* per head: making altogether an average expenditure for these articles of £4. 7*s.* 3*d.*, against an expenditure of £4. 7*s.* 2*d.* for alcoholic drinks, on the basis of 1873. At this rate, six years' expenditure would amount to enough to pay the national debt, or to build a house worth £150 for every family in the kingdom. There may be some exaggeration in these estimates; and it is to be considered that the expenditure of the higher classes on this account is more than proportional; yet one can not set the cost of

[1] The Temperance Reformation and the Christian Church, pp. 112, 113.

wines, ales, and liquors consumed by the wage-laboring classes of Great Britain lower than £100,000,000 per annum. Mr. G. R. Porter, in a paper read before the Statistical Society, adopted the estimate that one-half the income of workingmen earning between ten and fifteen shillings a week was spent by them on objects in which other members of the family had no share; while the proportion thus selfishly devoted by higher paid and presumedly more temperate artisans earning from twenty to thirty shillings, not infrequently reached one third.[1]

Yet, in spite of strong and urgent tendencies to dissipation and extravagance among the manual-labor classes, the statistics of the savings-banks show a steady growth of the principle of frugality, the total deposits in 1873 reaching $312,000,000. The deposits in savings-banks throughout all Europe,[2] exclusive of Russia[3] and Turkey, are estimated, in a report of M. Normandie to the French National Assembly in 1875, at a total of $1,180,000,000.

[1] Statistical Journal, xiii. 364.

Mr. Baines states that nineteen-twentieths of the occupants of cottages in Leeds pay their rent weekly, and could not be trusted longer. (Statistical Journal, xxii. 136, 138.) The plan of Monday-morning payments has been widely urged as a simple, practical measure in aid of the laborer's instincts of frugality. French laborers find less difficulty in carrying their earnings past the *cabaret*.

Mr. Brassey relates that during the construction of the Paris and Rouen Railway, the Frenchmen employed were, at their own request, paid only once a month. (Work and Wages, p. 17.)

Mr. McCulloch in his Commercial Dictionary (p. 478) argues strenuously that the State should refuse to protect small debts, with a view to promote frugality on the part of the working-classes.

[2] The fullest body of information relating to banks of saving is to be found in a recent report by Prof. Louis Bodio, the accomplished chief of the Italian Bureau of Statistics. "Casse di Risparmio in Italia, ed all' estero."

[3] Russia, however, has her system of savings-banks, numbering sixty-two, with deposits to the amount of four and a half million roubles, in the name of seventy thousand depositors. In contrast with these facts we find in little Switzerland not less than 353,855 depositors, or one in every seven of the population. In Denmark the proportion is one to eight and a half.

On the Continent of Europe the amount of deposits in savings-banks represents but a fraction of the accumulations of the working classes. The passion of the common people for acquiring land leads to the continuous application of circulating capital to the purchase of this species of property,[1] while the various classes of credit institutions facilitate the erection of workingmen's houses. If it be asked how the acquisition of real property by the working classes consists with the mobility of labor which is so much to be desired, I answer, one need have no fear that the true mobility of labor will be impaired at all by any form which the savings of the working classes may take; that the virtues which are required for the exercise of frugality, and which the exercise of frugality strengthens, afford the best security for all needed movement of labor at the right time and in the right way; and finally, that the individual acquisition of real property is never likely to become so general as not to leave a considerable portion of the members of every trade without ties to the soil.

It is quite another question how the extensive acquisition of public property by the Swiss communes[2] affects the desired mobility of labor in that country. It would certainly appear at this distance to be inexpedient, as requiring an undue sacrifice on the part of individuals whom the conditions of industry seem to invite to other localities.

The statistics of savings-banks in the United States are not to be used with much confidence, for the reason that onerous taxation has in several States driven large amounts of personal property, belonging to persons of means, under the protection of these institutions, which

[1] In the Canton of Berne, of 500,000 inhabitants, the real property-holders numbered, in 1863, 88,670. (Report of Mr. Gould on the Condition of the Industrial Classes, 1871, p. 670.)

[2] "The estimated value of the property held by the Swiss communes between the years 1863 and 1864, independently of the Cantons, may be put down at the large sum of 586,853,077 francs." (*Ibid.*)

enjoy a partial immunity from contribution. It is not unusual to deposit, up to the limit of the amount authorized by law, in each of a number of banks, and still further to multiply such deposits by entering equal amounts in the names of wife and children.[1]

Notwithstanding this, however, it is evident that a vast body of wealth is held by the laboring classes of the United States in movable form, in addition to the sums invested in houses and lands. In 1873 the savings-banks of Maine showed 91,398 separate accounts, with an aggregate deposit of $29,556,524; Rhode Island, 93,124 accounts, $46,617,183; Massachusetts, 666,229 accounts, $202,195,344; New-York, 839,472 accounts, $285,520,085.

II. Individual and mutual intelligence among the working classes. The phrase mobility of labor is very useful in discussions of the questions of wages, as expressing better than any other the one condition upon which laborers can receive the highest remuneration which the state of productive industry (their own present efficiency being taken into account) will allow, and the sole security which society can have that the inevitable immediate effects of industrial pressure or disaster shall not become permanent. Yet there is danger that the conception of what is involved in this term will be inadequate. Assuming the desire of industrial well-being to be universal, the mobility of labor should supply on the part of the wages class all that is needed for a perfect competition; and this clearly requires something more than legalized freedom of movement, something more, even, than the possession of the physical means of transportation and subsistence needed for migration. The laborer must be in a position to discern where his real interest lies, for to move in any other than the right direction may be more injurious than

[1] One case has come to my knowledge where a depositor, after exhausting the list of his human family, entered the maximum amount in the name of his dog.

to abide in his lot, since all movement implies loss of force, and is only to be justified by the prospect of a distinct gain in the result.

This ability to discern where one's interest lies requires two things, the acquisition of just information and the rejection of false information. Of the former it is not necessary to speak. It is seen in the mere mention, how large is the requirement it makes of the working classes; how slight the probability that this requirement will be completely filled. The second requirement is, among an ignorant population, even more difficult. So prone to discouragement are men, especially men lacking in mental training and culture; so efficient is Rumor in her evil office of spreading the news of failure and disaster, that the effects of acting upon false information in a single instance may, with ignorant persons, neutralize the most substantial inducements of self-interest in many other instances. Such persons have little to hold on to, or steady their minds upon; they generalize hastily and passionately, or, rather, they do not in any true sense generalize at all; and after the first shock to their confidence they become absurdly suspicious.

Even in enterprises of less pith and moment, the cloud of prejudice, vague apprehensions, and false conceits, originating in ignorance, obscures the view, in every direction, of the laborer's true interest.

"Few," says Mr. Chadwick,[1] "who have not had experience in the administration of relief to the destitute in periods of wide distress, can be fully sensible of the difference, in amount of trouble and chargeability to the ratepayers, between educated and intelligent and uneducated and unintelligent people of the wage-class—the heavy lumpishness of the uneducated, their abject prostration, their liability to misconception and to wild passion, their frequent moroseness and intractability, and the difficulty

[1] Statistical Journal, xxviii. 11, 12.

of teaching them, as compared with the self-help of the better educated, who can write and inquire for themselves, and find out for themselves new outlets and sources of productive employment, and who can read for themselves and act on written or printed instructions. The really well-trained, educated, and intelligent are the best to bear distress; they are the last to come upon charitable relief-lists, and the first to leave them."

III. Sexual self-restraint. I am not speaking here in the Malthusian sense with reference to the general supply of labor. In Malthusianism the average number of children to the family is the single consideration; it matters not whether each family have four children, or one family none, and the next eight: the supply of labor is equally affected. Again, while in Malthusianism the age at which marriage shall be contracted and children produced is not a matter of indifference, it is only of consequence as it affects the period within which population shall double. I here adduce the desirableness of sexual self-restraint on an account which is wholly additional to this—namely, the influence it must exert upon the mobility of the laborer. We have seen the occasion in modern society for a frequent, one might almost say an incessant, readjustment of population and industry. It is clear, that though the laborer can never wholly escape from this necessity, it is of peculiar importance that he should be as disembarrassed as possible during the years when he is coming to find out his own powers and capabilities, learning how to work, and getting into industrial relations, presumably for life. It is certain that he can make a favorable disposition of his labor then, if ever; that he will never be able afterwards to seek his market with so little of effort and so little of loss.

It is, therefore, economically desirable, without respect to the effect his earlier marriage might have on the general supply of labor, that at this critical period his mobility should be at the maximum. Of course, this proposition does not apply generally to communities in

the condition of the American colonies and the early United States, where labor was almost painfully deficient, and where land was abundant. A young man there could scarcely have placed himself wrong; and any disadvantage the impediments of a youthful marriage might have occasioned him was amply compensated by the access of productive power which his rising family soon brought him, in a country where the condition of "diminishing returns" had not been reached. But when settlements became dense and production diversified, the necessity of a precise adaptation of labor to industry, and a consequent readjustment of population, becomes urgent, and that urgency increases with increase of numbers and diversification of products. Hence it is that early and improvident marriages, such as characterize the Irish[1] at home and in foreign lands, influence unfavorably the rate of wages, wholly besides their effect on the general supply of labor. The young laborer is no longer free to abandon the avocation his adaptation to which he finds he has wrongly estimated, or the locality where he finds himself crowded by equally needy competitors, and to seek the price of his labor in a better market; but, tied down by the cares of family, and harassed by immediate necessities, he sinks hopelessly into what he knows to be the wrong place for him.

But if we turn our attention from the fortunes of the individual to those of the whole wages class, we shall see an additional reason, in the interest of a beneficent distribution of the products of industry, for the procrastination of marriage. The *desideratum* is, we have seen, to secure the readjustment of population to industry. It is clearly true that the longer marriage is postponed, the larger the proportion of the total labor-

[1] Sir Archibald Alison, writing of the Irish peasants in the days before the Famine, speaks of them as "almost always" marrying at eighteen, and not infrequently becoming grandfathers at thirty-four. (Hist. of Europe, xviii. 5.)

ing population which will be free, so far as domestic incumbrances are concerned, to respond to economical impulses suggesting a change of avocation or of residence. It is not merely that, if they go in obedience to such suggestions, they secure their own highest remuneration, but they also relieve the market in those localities or occupations which they forsake. With the disposable element thus increased by the procrastination of marriage, the heads of families, those who, in the words of Bacon, "have given hostages to fortune," may to a very large extent, except only in extraordinary emergencies, be exempt from this necessity.

The average age at which marriages are contracted varies greatly with the industrial necessities and the social habits of different communities.[1] In Belgium, in 21.17 out of 100 marriages the groom is under 25 years; in Holland, 21.42; in Sweden, 21.83; in Norway, 23.95; in Austria, 28.40; in France, 29.06; in Scotland, 41.32; in England, 50.95.

IV. Legal regulations clearly correspondent to infirmities in the mass of laborers, which tend to defeat the real freedom of choice and power of movement.

After making all allowances for the proneness of legislatures to meddle and blunder, and for defects in administration of the law, it still remains true that the wages class may, in exceptional instances, be helped for-

[1] Marriages take place at a very early age in India. Mr. Beverley, the Census Commissioner, calls attention to the fact that the religious beliefs of the people contribute to this result, as it is deemed highly important that the burial rites, on which the welfare of the soul after death, according to their faith, greatly depends, should be performed by male offspring. (Economist, May 9th, 1874, p. 555.) In Ireland early marriages have undoubtedly been promoted by the influence of the priesthood. (J. S. Mill's Pol. Econ. i. 345, 446; Alison's Hist. of Europe, xviii. 10; Statistical Journal, xxii. 217, xxiii. 205; Prof. Senior, quoted in the Edinburgh Review, October, 1868, p. 328, cf. p. 336.) In England Mr. J. S. Mill charges that the policy of the Tory party has been to encourage early marriages. (Pol. Econ., i. 426.)

ward in an important degree towards a real and vital competition, by the exercise of the prohibitory power of the State. During the present century, says the Duke of Argyle, in his Reign of Law,[1] "two great discoveries have been made in the science of government: the one is the immense advantage of abolishing restrictions upon Trade; the other is the absolute necessity of imposing restrictions upon Labor." There is here no inconsistency. I have shown in a preceding chapter that those economists who refuse to carry into the department of Distribution the rule of perfect freedom from restraint which they accept in the department of Exchange, do not abandon an economical principle, but only leave behind a practical rule, the conditions of which no longer exist.

The possible justification of Factory Acts and kindred legislation may be thus briefly stated. For perfect competition in wage-labor it is required that the employer and the laborer shall each understand and pursue his own true permanent interest. But this requirement is never completely fulfilled. The employer, on his part, is always, in a higher or lower degree, unduly under the domination of immediate purposes. The haste to be rich, which often makes waste; greed, which is always unwise; parsimony, which disables from business success many a man who has every other qualification, rendering him incapable of ever taking a large and liberal view of his industrial relations; rivalry, mutual jealousy among manufacturers affecting the temper of business and warping production from its best course—these passions and infirmities among employers, quickened at times by stringent financial necessities, must more or less make separation between their seeming present and their true permanent interest. Thus it becomes possible that the employer shall seek to crowd down wages, extend the hours of work, quicken the movement of machinery, admit children of tender age to painful and

[1] Pp. 334, 335.

protracted labor,[1] scrimp in the conveniences of production, and neglect the ventilation and sanitary care of his shop or factory, all in the effort to increase the month's and the year's profits, though such a course is, in the long view, prejudicial alike to himself and his hands. Perfect competition would make the employer the guardian of the laborer's interests. What sort of a guardian imperfect competition makes of the employer unrestrained by law or an active public sentiment, may be read in the official reports of Great Britain, in which the condition of her mines and mills and factories prior to their legal regulation is described.

But the failure of true competition is, as has already been abundantly shown, far greater on the side of the wages class, though in this respect very wide differences exist, due both to the industrial quality of the individual laborer and to the nature of the occupation pursued. The skilled workman, receiving high wages, with an ample margin of subsistence, is always fairly able to seek his best market. Doubtless he fails in a considerable degree, at times, for want of apprehension, or of the spirit of enterprise; but, in the main, he satisfies the condition of a right distribution. Even the unskilled and unintelligent laborer, in occupations involving no extensive subdivision of work or expensive machinery and materials, may find his place tardily and painfully, and make his terms, though at some loss. It is when laborers of both sexes and all ages, each doing some special operation—a small part of a great work—are aggregated in mills and factories where costly materials are consumed and complicated machinery is employed, that the control of the individual over his lot is diminished to the minimum. What is the single laborer in

[1] "Quand l'enfant n'est pas exténué par un travail prématuré, et quand on attend qu'il ait les forces nécessaires avant de l' astreindre au travail, une fois parvenu à l'âge d'homme, il est meilleur ouvrier, travaille mieux, plus vite et produit davantage."—M. Wolowski:—Legislation sur le Travail des Enfants. (MM. Tallon and Maurice, p. 233.)

a cotton-mill? What does his will or wish stand for? The mill itself becomes one vast machine which rolls on in its appointed work, tearing, crushing, or grinding its human, just as relentlessly as it does its other, material. The force of discipline completely subjects the interests and the objects of the individual to the necessities of a great establishment. Whoever fails to keep up, or faints by the way, is relentlessly thrown out. If the wheel runs for twelve hours in the day, every operative must be in his place from the first to the last revolution. If it runs for thirteen hours or fourteen, he must still be at his post. Personality disappears; even the instinct of self-assertion is lost; apathy soon succeeds to ambition and hopefulness. The laborer can quarrel no more with the foul air of his unventilated factory, burdened with poisons, than he can quarrel with the great wheel that turns below.

This helplessness, this subjection to an order which the workman has not established, and can not in one particular change, becomes more complete in the case of women and children, while the responsibility of the State therefor becomes more direct and urgent.

It is on such considerations as these, that the economist may, acting under the fullest accountability to strictly economical principles, advocate what Mr. Newmarch calls[1] "a sound system of interference with the hours of labor."

The Factory legislation of England, the necessity and economical justification of which the Duke of Argyle has called one of the great discoveries of the century in the science of government, began in 1802 with the act of 42d George III., limiting the hours of labor in woolen and cotton mills and factories to twelve, exclusive of meal-times, imposing many sanitary regulations upon the working and sleeping rooms of operatives, requiring the instruction of children in letters for the first four years of their apprenticeship, and providing an official inspection

[1] Statistical Journal, xxiv. 462.

of establishments for the due execution of the law. Additional legislation was had in 1816 and 1831; and in 1833 was passed the important act known as 3d and 4th William IV. (c. 103), which forbade night-work in the case of all persons under eighteen years of age, and limited the labor of such persons to twelve hours, inclusive of an hour and a half for meals; prohibited the employment (except in silk-mills) of children under nine years of age, while between the ages of nine and thirteen the hours were reduced to eight a day (in silk-mills, ten); prescribed a certain number of half-holidays in the year, and required medical certificates of health on the admission of children to factory labor. The scope of these provisions has been extended, successively, by legislation in 1844, 1847, 1850, 1853, 1861, 1864, and 1867, until they now embrace all persons engaged in processes incidental to the manufacture of textile fabrics, with but slight exception, and also to the manufacture of earthenware, lucifer-matches, percussion-caps and cartridges, or in the employments of paper-staining and fustian-cutting.

The principle of the English Factory Acts has been slowly extended over a considerable portion of Europe. Before 1839 England, Prussia, and Austria had, in greater or less degree, controlled the labor of children,[1] though to but little effect in the last-named country, where the day of labor was still cruelly long, frequently reaching to fifteen hours, exclusive of meals, and sometimes to seventeen.[2]

French factory legislation dates from 1841. By the act of that year (March 22d) children were not to be admitted to factories under eight years of age. They were only to work eight hours in the twenty-four up to twelve years, and twelve hours from twelve years to sixteen. They were not to work at night, with a few exceptions in the case of children above thirteen, or to work at all on

[1] L. Horner, Employment of Children, p. 45, cf. p. 54.
[2] *Ibid*, p. 105.

Sundays or holidays. School attendance was required up to twelve years. The number of children in 1870 working subject to this act was about 100,000, nine-tenths of these being employed in spinning and weaving factories.[1] May 19th, 1874, a new law of much greater range and higher efficiency was passed by the National Assembly. By this act children under ten years of age can not be admitted to work in factories, mines, or shops; from ten to twelve years they can work only in certain industries to be specially designated by a government commission, and they only work for six hours in the day; from twelve years onwards they are not to work in excess of twelve hours a day. Until sixteen years of age they are not to work at night. No child can be admitted to work in mines under twelve years, and no female at any age. Universal primary instruction is provided by the law, and a rigid inspection of all establishments in which children are employed.[2]

In Belgium there has been no legislation protective of children since the decree of 1813, which prohibited their employment under ten years of age in mines.

In Germany, by the Industrial Code of April 6th, 1869 (p. 127–132), the age of admission to labor is fixed at twelve years; from twelve to fourteen, children can be employed but six hours a day; from fourteen to sixteen, but ten hours, with two intervals of rest. Night-labor is prohibited. School-attendance and factory-inspection are rigidly enforced.

In Switzerland the age of admission varies according to the character of the industry pursued; in some twelve years, in others thirteen, in others fourteen.[3]

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[1] Report of Mr. Malet on the Condition of the Industrial Classes of France.

[2] For the text of this law see the work published by MM. Tallon and Maurice in 1875, Legislation sur le Travail des Enfants, pp. 445–53.

[3] See the work of MM. Tallon and Maurice, p. 24.

In Italy there are no laws relating to the employment of children in factories, but children under ten years are not permitted to work in mines.[1]

In Sweden, by royal statute of June 18th, 1864, children under twelve years are not allowed to work in factories, nor any person under eighteen years to be employed at night.[2]

In Spain and Portugal no laws exist respecting the age at which, or the number of hours in the day for which, children shall be employed.

In Russia and in Holland there were, according to the British Consular Reports of 1873 relative to Textile Factories, no laws regulating or restricting the labor of children.[3] Mr. Walsham reported that in the Netherlands children were employed so young that they could earn but a shilling a week. Mr. Egerton reported that in Russia thirteen hours a day was the general average of the factories, the children working as long as the men.

V. Sympathy and respect for labor in the community.

It is at this point that we traverse most completely the orthodox political economy. There has been no end of contemptuous ridicule, or grave rebuke from the professors of the science, and from reviews and journals especially affecting that character, towards those who have assumed that a friendly public opinion could effect any substantial improvement in the condition of the working classes. "It is not unusual," says Mr. McLeod, "to hear persons of benevolence who see the shocking misery which even now prevails among so many in this country, exclaim that employers ought to pay higher wages. But all such ideas are visionary."[4]

Especially has the agitation respecting the wages of women been deprecated as useless or mischievous. We

[1] Report of Mr. Herries, 1871, p. 284.

[2] Report of Mr. Gosling on Textile Factories. 1873, p. 116.

[3] P. 66 (Mr. Walsham); p. 111 (Mr. Egerton).

[4] Pol. Econ., pp. 211, 212.

are told that "the inexorable laws of supply and demand" determine the rate of wages; that benevolence has no more to do here than with the operations of the steam-engine; that competition is the one irresistible, unrelenting force which overbears all considerations of compassion or charity, and works out a predetermined result with unerring certainty. Who is not familiar with these phrases?

The man would be weak or ignorant who should expect that any but the most exceptional and eccentric of mortals would at any given time pay more than the market rate of wages, or should look upon such possible exhibitions of disinterested philanthropy as likely to set a fashion to be followed by the shrewd, eager, and but little unselfish men who make up the mass of employers. But the question is, whether the force we here invoke may not help to fix that very market rate of wages. It is not asserted that this sympathy and respect entertained for labor by the general community need ever be distinctly present in the consciousness, as a motive to individual or class for advancing wages. But I base the proposition that these do constitute one condition of a right distribution of the products of industry, upon accepted principles of moral philosophy, supported by inferences, which appear to me conclusive, from economic statistics of wide range and undoubted authority in a kindred department of industrial contract.

First, of the reason of the case. Let us recall the principle so frequently insisted on, that it is only as competition is perfect that the wages class have any security that they will receive the highest remuneration which the existing conditions of industry will permit; that in the failure of competition they may be pushed down grade after grade in the industrial as in the social scale, there being almost no limit to the possible degradation of the working classes where a free circulation of labor is denied. Let us recall, moreover, that the failure of com-

petition may be due to moral as much as to physical causes; that if the workman from any cause does not pursue his interest, he loses his interest, whether he refrain from bodily fear, from poverty, from ignorance, from timidity and dread of censure, or from the effects of bad political economy which assures him that if he does not seek his interest, his interest will seek him. Let us bear in mind, moreover, that it matters nothing whether competition fails in his case because he does not begin to seek a better market, or, having begun, gives up in discouragement.

Now, I ask, can it be doubtful that the respect and sympathy of the community must strengthen the wages class in this unceasing struggle for economical advantages; must give weight and force to all their reasonable demands; must make them more resolute and patient in resisting encroachment; must add to the confidence with which each individual laborer will rely on the good faith of those who are joined with him in his cause, and make it harder for any weak or doubtful comrade to succumb in the contest?

And, on the other hand, will not the consciousness that the whole community sympathize with the efforts of labor to advance its condition by all fair means, inevitably weaken the resistance of the employing class to claims which can be conceded, diminish the confidence with which each employer looks to his fellows to hold out to the end, and make it easier for the less resolute to retire from the contest and grant, amid general applause, what has been demanded? He must be more than human or less than human who is uninfluenced by the friendly or the cold regards of men.

And if such a disposition of the public mind must confirm the union and exalt the courage and sustain the faith of the party that hears everywhere approving words, meets everywhere looks of sympathy, and must tend to impair somewhat, at least, the mutual trust and common

resolution of their opponents, who shall say that wages may not be affected thereby?

Let us apply these principles to an individual case. Hodge thinks—Hodge is a ploughman, and has been getting twelve shillings a week—that he ought to have more wages; or, rather—for Hodge would scarcely put it so abruptly—he feels that it is dreadfully hard to live on twelve shillings. He has attended a lecture delivered by Mr. Joseph Arch, from a wagon on the green. He is uneasy, and wants to improve his condition. So far, then, he is a hopeful subject economically. The desire to improve one's condition is the *sine qua non* of competition. Will these stirrings of industrial ambition come to any thing? Will this little leaven of unrest leaven the whole of the very lumpish lump christened Hodge? Will the discontented ploughman seek and find his better market? This is a great question, for upon the answer to it depends the future of Hodge, and perhaps of his sons and grandsons. Let the Spectator[1] tell how he is assisted on his way and encouraged in his weak, ignorant, doubting mind by landlord, bishop, and judge.

"The man has been, so to speak, morally whipped for six months. He has found no friend anywhere, except in a press he can neither read nor understand. The duke has deprived him of his allotment; the bishop has recommended that his instructor should be ducked; the squire has threatened him with dismissal in winter; the magistrate has fined him for quitting work, which is just, and scolded him for listening to lectures, which is tyranny; the mayor at Evesham has prohibited him from meeting on the green; and the lawyer—witness a recent case near Chelmsford—has told him that any one who advises and helps him to emigrate is a hopeless rascal."

Now, I ask, is Hodge quite as likely to pursue his in-

[1] August 4th, 1872.

terest and persist in whatever that requires, as if his social superiors and the men who should be his instructors and helpers were encouraging him to better his fortune if he finds a chance, instead of telling him that if he demands more wages, he is kicking against the wage-fund, and that if he kicks against the wage-fund, he is defying an ordinance of heaven; or as if the law were administered occasionally by men indifferent[1] in the dispute between himself and his employer; as if the shop-keeper and the publican and the lawyer and the rector were not all ranged against him? Is it not possible that, for the lack of a little fanning, the feeble flame in Hodge's breast may die out, and he, giving up all thoughts of seeking his fortune elsewhere, return to his furrow, never to stray from it again? And so *vale*, Hodge!

Political economy, says Mr. Mill, is concerned with man "solely as a being who desires to possess wealth, and who is capable of judging of the comparative efficacy of means for obtaining that end. . . . It makes entire abstraction of every other human passion or motive except those which may be regarded as perpetually antagonizing principles to the desire of wealth—namely, aversion to labor and desire of the present enjoyment of costly indulgences."

Among beings thus constituted, doubtless competition would prove "inexorable." But, surely, economists should be careful how they apply to mankind as they are, conclusions which they have deduced from the study of such a monstrous race, made up entire of laziness and greed, incapable of love or hate or shame.

Abstract every other human passion and motive! eliminate respect and sympathy! Why, who can say how largely THIS VERY LOVE OF WEALTH is due to the unwillingness to be thought meanly of by our fellow-men, or the more positive desire to excite their envy or admiration?

[1] As I understand it, no man in England can be a justice of the peace unless he have an estate of £100 a year *in land*.

And if regard for the opinions of others may be a sufficient reason, as we know it is, for men to exert themselves laboriously and painfully, why may it not be a reason for men to forbear[1] to press their power and their undoubted rights to the point of cruelty?

As this subject is of prime importance, I beg my reader's indulgence in making an excursion into another department of political economy—namely, that of rent—to see if we may not find there evidence of the influence of this very cause which we have invoked in aid of labor. If competition is "inexorable;" if the laws of supply and demand are "immutable;" if the desire of gain is an all-controlling passion, these things ought to be found so in the department of rent as truly as in the department of wages. As we must make a selection, let us take three countries whose land systems have been carefully studied; countries in which peasant proprietorship is found in an exceptionally small degree, and where, consequently, the question of rent becomes of the highest importance to the welfare of the people. These are England, Italy, and Ireland.

In England, Prof. Thorold Rogers declares, rents have remained at a point much below that to which competition alone would carry them. The vaunted generosity of land-owners is, he says, "really the necessity of the situation. Englishmen would not tamely acquiesce in a practice which continually revalued their occupancies and made their own outlay the basis for an enhanced rent. The rent of agricultural land is therefore seldom the maximum annual value of the occupancy; in many cases, is considerably below such an amount."[2] Again he says:

[1] Mr. Tremenheere, in his testimony on truck before the Committee of 1854 on the Payment of Wages, says: "I believe, from all that I have heard in different mining-districts, that, as a rule, the large companies, and *the persons who are amenable to public opinion among gentlemen*, do not resort to those petty and indirect modes of cheating their workmen." (Report, p. 40.)

[2] Cobden and Political Opinion, p. 91.

"The tenant is virtually protected by *the disreputable publicity* which would be given to a sudden eviction or a dishonest appropriation of the tenant's improvements."[1]

In Italy we find local usages respecting land nearly all-powerful, though exceptions exist of provinces where competition[2] has entered to enhance rents. "The same misfortune," says Sismondi, in writing of Tuscany, "would probably have befallen this people if *public opinion* did not protect the cultivator; but a proprietor would not dare to impose conditions unusual in the country; and even in changing one metayer for another, he alters nothing of the terms of the engagement."

The third country I have taken is probably the only one of Western Europe to which we could turn as affording an example of rents kept at the point to which unrestrained competition would carry them. And if we ask why it was that the "laws of supply and demand" proved here indeed "inexorable," we find not contradiction but corroboration of our principle. It is not necessary to go far back in the history of Ireland to show why it was that nothing intervened here to prevent the tenantry from being ground down by unintermitted competition. It was because sympathy and confidence and mutual respect[3]

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[1] Pol. Econ., p. 184.

[2] Is it said, You are speaking of a failure of competition as if it were favorable to a beneficial distribution of property? I answer, Absolute competition, equal on both sides, is the single condition of a perfect distribution. But if the laborers are disabled from competition by ignorance, poverty, or other cause—as the laborers of so many countries are, in the mass—then it is merciful that public opinion or the force of law enters to prevent them from being crushed, as they would be, in their inertia if competition remained in full force on the master's side. Competition to be beneficial must be exerted like the pressure of the atmosphere—everywhere and uniformly.

[3] "The landlord of an Irish estate inhabited by Roman Catholics is a sort of despot who yields obedience, in whatever concerns the poor, to no law but that of his will. . . . Nothing satisfies him but an unlimited submission. Disrespect, or any thing tending toward sauciness, he may punish with his cane or his horse-whip with the most

were unknown between the two classes of the population. It was not merely that the land-owners of Ireland and its peasantry were of different races, of different religions,[1] and, to no small degree, of different speech—distinctions in themselves of tremendous moment. There was more than this and worse than this in Ireland. The title of the landlord was from conquest and confiscation, and to sustain an original wrong had required a system of legal discrimination and proscription, of which the judicious Hallam says: "To have exterminated the Catholics by the sword, or expelled them like the Moriscoes of Spain, would have been little more repugnant to justice and humanity, but incomparably more politic."[2]

It is thus that Macaulay describes the relations of the Saxon and the Celtic inhabitants of Ireland in 1685: "On the same soil dwelt two populations locally intermixed, morally and politically sundered. The difference of religion was by no means the only difference, or even the chief difference. They sprang from different stocks; they spoke different languages. They had different national characters, as strongly opposed as any two national characters in Europe. They were in widely different stages of civilization. Between two such populations there could be little sympathy; and centuries of calamities and wrongs had generated a strong antipathy. The relation in which the minority stood to the majority resembled the relation in which the followers of William the Conqueror stood to

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perfect security. A poor man would have his bones broken if he offered to lift his hands in his own defence. . . . *The execution of the laws lies very much in the hands of justices of the peace, many of whom are drawn from the most illiberal class in the kingdom.*"—Arthur Young, Tour in Ireland (Pinkerton's Travels, iii. 837, cf. p. 816.)

[1] Of three great divisions of Ireland—Leinster, Munster, and Connaught—Mr. O'Connor Morris says: "Probably seven eighths of the land belong to a proprietary of Protestants, and perhaps even a greater proportion of the occupiers are Roman Catholics." (The Land Question of Ireland, p. 231.)

[2] Constitutional History of England, iii. 382.

the Saxon churls, or the relation in which the followers of Cortes stood to the Indians of Mexico."[1]

This truly is a state of things in which we might look with confidence to find the law of supply and demand "inexorable," and so, in these circumstances, it proved. The improvidence and ignorance of the peasantry concurring, rents were advanced by the acquisitive and aggressive passion of the land-holding class, unchecked by public sentiment or generally by individual kindness, until Lord Devon's commission, in 1844, found that in numerous cases the nominal rent of land was greater than the money value of the annual produce, the tenant being kept thereby perpetually in debt to the landlord, whose interest it became to allow him, thus involved, to remain upon the soil.[2]

Now, I desire not to disparage the influence of other causes in bringing about this result, but I can not think that the history of the land in Ireland would have been what we know it was, had the landlord and tenant classes constituted one proper population, with ties of a common speech, faith, and blood, having equal rights before the law, and with those kindly feelings which, for all that is evil in us, are more natural between men and classes of men, than distrust and dislike. And even with such a miserable relation as existed between the two classes of the Irish population, I, for one, do not believe that such a miserable result would have been possible, had not so large a portion of the land-owners been absentees,[3] conducting their exactions through agents selected and rewarded for their success in wringing money from the soil, seeing and

[1] History of England, chap. vi.

[2] "The Irish peasantry were incomparably worse off than the French peasantry were before the Revolution."—Prof. Rogers, Pol. Econ. 180.

[3] "I am aware that, in the view of political economy as taught by writers of the hypothetical school, an absent landlord is identical with a landlord present; just as, by Mr. Mill's definition, Simon Magus and Simon Peter, John of Cappadocia and John the Baptist, are exact economical equivalents"—Address at Amherst, 1874.

hearing nothing of the wretchedness they caused, and drowning all misgivings in the revelry of foreign capitals.

Time would fail to trace the course of that improvement in the condition of the people which, by general admission, has taken place in Ireland since 1850. Here, again, I desire not to disparage the influence of other causes, but I can not doubt that some part of the beneficial result observed has been due, first, to the great liberalizing and ameliorating movement throughout the kingdom, which threw down so many of the old hateful distinctions of faith and class; a movement in which the reform of the criminal code, Catholic emancipation, the suffrage act of 1832, the repeal of the penal acts against Jews and Dissenters, and the abolition of the corn-laws—each was at once effect and cause of new effects; a movement which was felt latest in Ireland because Ireland had been so widely and deeply sundered in interest and feeling; and, secondly, to the remorse and shame and pity which were awakened by the disclosures of Lord Devon's commission, followed close by that horrible and sickening demonstration, the Famine of 1846–7, which brought home to every man and woman in the United Kingdom, in images never to fade from view, the wrongs and miseries of Ireland. If the peasantry of the Green Isle are better off to-day than a generation ago, it is due, not alone to the general industrial advances of the intervening period, or to the migration of surplus labor, if, indeed, that labor was ever truly in excess, but also, and in no small part, to the happy change which has passed over the moral relations of landlord and tenant.

If, then, after so brief a survey we find public opinion operating thus powerfully in the department of Rent, are we not justified in the assertion that it must also be operative in some degree in Wages?

I do not, be it observed, claim that wages can be enhanced by any but economical causes; I merely assert that respect for labor and sympathy with the body of laborers,

on the part of the general community, constitute an economical cause, in just so far as they strengthen the laborer in his pursuit of his own interest, thus making competition on his part more effective, and in just so far as they take something from the severity with which the employer insists upon his immediate interest, thus reducing the force of competition on that side, making it more nearly equal to that which the laborer, poor, fearful, and ignorant, may be able to oppose.

WOMAN'S WAGES.

It is in the partial failure of the condition on which I have here dwelt so much at length that we find one important cause of the inadequate wages of women.

But first as to the fact of wages inadequate to the service performed. Nothing is more common than the assertion, in print, that women are paid but one half or one third as much as men for performing the same work. Such assertions are generally based on a misconception of the actual constitution of industrial society. Because a woman working in a woollen factory receives but twelve shillings a week while a man gets twenty-four, it can not properly be said that the latter receives twice as much for doing the same work, since the work done in a factory is of many kinds, making very different demands upon the operatives in the respects of strength, skill, and intelligence, and hence justly remunerated at very different rates, from threepence a day, it may be, to as many shillings. And if we inquire, we shall find that women in a woollen factory are in fact rarely engaged upon the same kind of work as the men. Thus in an account of the organization of a representative establishment given in the Statistical Journal, where the number and sex of the operatives of each class are stated, and the wages paid to each, I note that all the hand-loom weavers are men, all the power-loom weavers women. And I also note what is significant, that the wages of the men employed as hand-

loom weavers are much nearer women's wages than the wages of the men employed in any other department of the factory.

In the same way, in his history of the cotton manufacture, published a generation ago, Mr. Baines stated that large departments were then entirely given up to women and children. Now, clearly, as Mr. Baines remarks, "that which is only a child's labor can be remunerated only by a child's wages." We have seen that the employer can not pay in wages more than he may fairly look to get back in the price of his products. Hence the fact that a woman may require more to subsist upon than a twelve-year-old boy affords no economical reason why she should receive more wages if she only does the same kind of work.

But even though women performed the same kind of work as men, receiving therefor wages less than men, it would not follow, as of course, that their wages were inadequate to their service. The differences existing in respect to the efficiency of labor, both on the side of work and on the side of waste, have been seen (Chapter III.) to be very great as between laborers actually employed in the same operation. Hence it might be true that a man and a woman working at the same table, upon the same material, with the same implements, or laboring side by side in the fields,[1] should receive wages in very different amounts, and yet their respective services be most exactly recompensed.

Now, there are reasons, some of a social and some of a physiological nature, for the services of women, as a body, being in a degree less desirable to employers than those of men. The physiological reasons have been well stated by Dr. Ames in his recent book, Sex in Industry. These are sufficient totally to debar women from many occupa-

[1] It may fairly be assumed, for instance, that the ratio between the average value of male and of female serfs in Russia employed in agriculture before the emancipation—namely, £50 and £17 respectively (Statistical Journal, xxiii. 379)—fairly represented the relative worth to the owner of the two kinds of labor.

tions, and greatly to reduce their efficiency in others.[1] Among social reasons we may adduce the generally less practical education which girls receive as compared with that given to boys, and the almost universal expectation of domesticity which is inherent and ineradicable in the constitution of woman, interfering not only with her preparation for active pursuits, but also with her prosecution of them, because it reduces the singleness of purpose and interest with which her duties are discharged, and depreciates in the eyes of her employer, and justly so, the value of services which may abruptly be terminated by marriage. Nor are these industrial disabilities to be wholly cured by any cause that shall not disrupt and destroy society. Just so long as girls grow up in the belief that their mission is not to work in a shop, but to adorn a home, their education will take shape accordingly. Parents and school-boards may lay out courses of study with never so much of utilitarian intention, the mind of the girl will secrete sweetness and grace from whatever food is offered it. And just so long as the same tender illusion lasts—and we know it will outlast much bitter experience—woman will serve *distraite*, if not unhappy, as one who has a name she has not yet taken, a city to which she has not come. If a man marries, he as a rule becomes a better and more stable workman on that account. If a woman marries, it is most probable that she will leave her employment; it is almost certain that if she remains she will be a less desirable laborer than before. This expectation of domesticity is always likely to exist with greater or less force in the female mind, and will inevitably, wherever it exists, reduce the efficiency of female labor.

Yet though there is thus much misapprehension of the relation between the wages of women and those of men, there can, I think, be no question that the wages of the

[1] Mr. Brassey states that in the construction of the Lemberg and Czernowitz railway, in some places half the people employed were women, who earned 1.60 francs a day, while the men earned from two to three francs. (Work and Wages, p. 105.)

former[1] are in a degree inadequate to the service rendered, after due allowance for all differences of amount and quality. If there be such inadequacy, the sole cause must, as we have seen (Chapter X.), be found in the failure of competition.

Inasmuch as the failure of competition comes mainly through the immobility of labor, let us inquire whether female labor is under any exceptional disabilities in respect to movement.

In the first place, it needs to be observed that women have far more occasion, relatively, to move to the labor-market than men, and have need, therefore, to be far more mobile and active. This is due to the fact that the industries for which women are physiologically suited are highly localized. Wherever there is population, there are women who feel the necessity of working outside their own families for subsistence: yet the opportunities for their employment in mechanical work are found only here and there. Thus, in Allegheny County, Pennsylvania, we find that there were in 1870[2] 29,139 men employed in mechanical labor, and but 1723 women; in Erie County, New-York, 11,357 men and but 960 women; in Wayne County, Michigan, 11,543 men and but 1454 women; in St. Louis County, Missouri, 32,484 men and but 3455 women; in Cook County, Illinois, 24,705 men and but 4652 women; in Cuyahoga County, Ohio, 8698 men and but 791 women. On the other hand, there were 5887 women employed in Hillsborough County, New-Hampshire, against 7627 men; in Androscoggin and York Counties, Maine, respectively 4045 and 4512 women against 3908 and 3689 men. These are only

[1] "It is a curious fact that in the great majority of occupations, the average wages of a boy, a woman, and a girl added together amount to those of a man."—Dudley Baxter, National Income, p. 49.

Lord Brabazon gives the average daily pay of French day-laborers in agriculture as one franc seventy-five centimes for men, eighty-five centimes for women, and sixty-three centimes for children; but women and children are employed for only a fraction of a year.

[2] Ninth census of the United States (Industry and Wealth, table ix. A).

given as instances to show how irregularly and how rarely at the best, the opportunities for the employment of women in mechanical industry occur. An examination of the statistics of industry in the United States discloses that of the women employed in mechanical pursuits, forty-two per cent are found in only seven counties, comprising but seven per cent of the population of the country.

While women have thus far more occasion relatively to move to their market than men, we find them disabled therefrom, in a great measure, by physical weakness, by timidity, and by those liabilities to misconstruction, insult, and outrage which arise out of their sexual characteristics. Having more need than men to be free to move from place to place, they have far less ability to do so. It must be remembered that it is not a question merely of taking a journey from home to a place where a "situation" has already been engaged, but, it may be, of seeking out employment from street to street, and from shop to shop, by repeated inquiries, and often through much urgency and persistency of application. This is what men have to do to "get a place," often going into doubtful localities, freely encountering strangers, and sleeping in casual company. These, with men, are among the conditions of the mobility of labor which not only secures employment for the individual applicant, but relieves the pressure upon the market elsewhere, and oftentimes prevents that painful or fatal "congestion of labor" which breaks down wages, crushes the hopefulness and self-respect of the operative class, and engenders habits of laboring and living which it may take long, even under favorable conditions, to wear out of the industrial body.

To state these conditions is to show some of the disadvantages under which women have labored in the past from their natural indisposition and disqualification to encounter strangers and make terms for themselves. I would not seek to idealize the sex in dealing with so plain and practical a matter. No one who has had to do with book-agents of both sexes would unhesitatingly award the palm for persistency and assurance to the man; while it

is proverbial that female venders of fish, in all countries and ages, have succeeded so far in overcoming their native meekness and bashfulness as to qualify them fully to hold their own whether in a bargain or in a wrangle. Nor would it be just to speak of female labor anywhere as if it were absolutely immobile. Country girls have always gone to the city to find employment in shops and stores; while the cotton factories and the boot and shoe shops of Massachusetts and Rhode Island have always been filled with women from the rural parts of New-England and even from the British Provinces.

Yet, after all allowances that require to be made, it remains true that while, from the specialization and localization of the industries in which female labor is employed, women have far more occasion than men to keep themselves free to seek their own market, they are in fact, from many causes, under serious disabilities in respect to movement from place to place,[1] with all which that implies for females poor and unprotected, and, it may be, also ignorant and fearful.

While much of this disqualification of woman for seeking the labor-market arises out of her physiological conditions, and is not to be cured by law or opinion, it is also true that no inconsiderable part has been due, in the past, to a lack of respect and sympathy for her in her capacity as a laborer, if not to positive prejudice and even to actual physical obstruction[2] offered to her industrial movements.

[1] The disability which women suffer on account of their sex, when the conditions of industry require emigration from the country of their birth, may be seen from the following facts brought out by the Scotch census of 1871. Between 15 and 25 years of age there are 105.4 females for every 100 males; between 25 and 30 years there are 119.7 females for every 100 males. (Report, pp. xvi, xvii.)

[2] "We can not forget that some years ago certain trades-unionists in the potteries imperatively insisted that a certain rest for the arm which they found almost essential to their work, should not be used by women engaged in the same employment. Not long since, the London tailors, when on a strike, having never admitted a woman to their union, attempted to coerce women from availing themselves of the remunerative employment which was offered in consequence of the strike. But this jealousy of women's labor has not been entirely con-

Of the insults and violence not infrequently offered to women seeking employment in departments of industry which men have chosen to regard as exclusively their own, it is not necessary to speak. Women scarcely need this to restrain them from pursuing their economical interests. Intensely sensitive to opinion,[1] they shrink from the faintest utterances of blame; while coldness and indifference alone are often sufficient to repress their impulses to activity.

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fined to workmen. The same feeling has extended itself through every class of society. Last autumn a large number of Post-Office clerks objected to the employment of women in the Post-Office."—Henry Fawcett, House of Commons, July 30th, 1873. (Speeches, p. 133, 134.)

"An important strike is now going on in the town of Leicester, and what is the cause of it? Certain manufacturers wished to introduce women into their factories, and the men claimed a right not only to determine the price of labor, but also on what conditions women should be permitted to work. Nor is this all. Within the last fortnight there has been a great meeting of delegates of the Agricultural Laborers' Union. Women were not admitted. Why? On the express ground that the agricultural laborers of this country do not wish to recognize the labor of women."—Ibid, June 23d, 1874. (TheNews' Report.)

[1] In their report made to the Local Government Board in 1873, Dr. Brydges and Mr. Holmes take note of the peculiar sensitiveness of female laborers to the praise or blame of their employers or overseers: "It would appear, from statements made to us which we have reason to think accurate, that it is very much easier to bring pressure to bear upon the energies of female operatives than of male. It is well known that with many workmen, especially if they be members of trades-unions, the consciousness that their fellow-workmen are present and are watching their work, tends rather to moderate than to intensify their zeal. Animated by the common object of selling their labor dear, they are apt to think an exceptionally zealous workman a traitor to the cause of labor. With women the reverse would seem to be the case. Less able to fix their eyes upon a distant object, less apt to enrol themselves in a well-drilled organization for which sacrifices are to be made, the ultimate compensation for which themselves and those immediately connected with them may never, or not for a long time, touch, they are far more keenly sensitive to the motives of approbation and vanity, and also to those of immediate tangible reward. It would seem to be as easy to goad women as it would be difficult to goad men into doing the greatest amount of piece-work in a given time. The admiration of their companions and the approbation of the overlooker appear to be at least as powerful inducements as the increase of their wages." (Report, p. 20.)

This unfortunate result—namely, a public opinion unfavorable, or less favorable than is desirable, to the extension of female labor—is doubtless due in some part to the comparative newness of the occasion which women have to enter the general market of labor, from which it results that their entrance is not unnaturally greeted by the body of male laborers interested therein as an intrusion threatening a reduction of their own wages, while the outside community, though disinterested, remains indifferent, not having been educated up to the point of giving women a warm and strong moral support in their efforts to find employment, and of providing adequate protection to them in the casual and often rude encounters which the search for employment may involve.

The necessity for the employment of women in wage-labor not agricultural, in any thing like the extent which exists at present, dates from the decay of the system of domestic manufactures which followed the extensive introduction of machinery in the latter part of the eighteenth century. "The original artisans," says Mr. Mill, "were either slaves or the women of the family."[1] It was the women who wove and spun, fashioned and sewed, the garments, the blankets, and the nets of our ancestors. It is true we occasionally find record of women earning wages in other occupations.[2] Prof. Rogers has pointed out that, in the fourteenth century, the thatcher's help, or "homo," was generally a woman.[3] But, speaking broadly, there was, until the inventions of Watt, Hargreaves, and Arkwright antiquated the distaff and the spinning-wheel, work enough within the house for all the women of the family if we except the harvest season, when agriculture was, as it is to-day in Europe, the occupation, and in Russia the equal occupation, of both sexes.[4]

[1] Pol. Econ., i. 285.

[2] Brewing and baking were formerly purely domestic operations, and hence were performed by women, as the feminine termination of the words brew-ster and back-ster, like web-ster and spin-ster, indicates.

[3] By 37th Edward III. women were exempted from the prohibition against exercising more than one craft.

[4] In European Russia exclusive of the Baltic Provinces the number

But no longer can the wife and daughter, in a family where children must needs go mainly uncared for, and housekeeping becomes reduced to the minimum by the scantiness at once of space and of food, do their equal share, or at any rate seem to do their equal share, in the support of the household, within the house. All which now enters into domestic consumption must come in from without; and so wife and daughter must, or think they must, go out and bring in a part of it. At the same time the extension of water and steam-power has made the labor of women useful in a thousand operations for which their strength was formerly inadequate.[1] This it is which has driven women into the labor-market. In families where bread comes hardly, the services of the house are foregone, and wife and daughter, no longer working as of

of females engaged in agriculture is reported as 12,917,593 against 13,444,842 males. In Prussia the number of farm-laborers was reported, in 1867, as follows: 1,054,213 females, 2,232,741 males. In England the census-tables show the following proportion between the sexes in agriculture: 183,450 females, 1,264,031 males. In Scotland the numbers are as follows: 50,464 females, 184,301 males. In the United States it is only among the late servile population of the South, and occasionally among recently-arrived foreigners at the extreme West, that women are seen laboring in the fields, even during the height of the harvest season. But women are probably nowhere employed through so long a period in the year as men. Lord Brabazon (Report on the Condition of the Industrial Classes, 1872, p. 44) gives the number of days on which men are employed in France at day labor in agriculture, as 200; for women the number of days is but 120. In England, as Mr. Purdy says, women in agriculture are "employed as supernumeraries to the men, and are only taken on at busy times." Arthur Young gives the following account of the Palatines settled in Ireland: "The women are very industrious, reap the corn, plough the ground sometimes, and do whatever work may be going on; they also spin and weave, and make the children do the same. . . . The industry of the women is a perfect contrast to the Irish ladies in the cabins, who can not be persuaded, on any consideration, even to make hay, it not being the custom of the country; yet they bind corn and do other work more laborious." (Pinkerton, iii. 849, 850.)

[1] "Whereas the workman," says M. Jules Simon, in *L'Ouvrière*, "was once an intelligent force, he is now only an intelligence directing a force—that of steam—and the immediate consequence of the change has been to replace men by women, because women are cheaper and can direct the steam force with equal efficiency."

old for the head of the house, go out to seek strange employers and be jostled in public places. Shame on the man, if he be man, who will not gladly give them room!

Coincidently with this great industrial change, involving the necessity of wives and daughters contributing by wage labor to the support of the family, have occurred social changes, of scarcely less importance, which have resulted in a steady increase in the proportion[1] of women who are wholly dependent on themselves for maintenance. What these social changes are I need not point out; the result itself is patent, palpable, and needs no proof.

I have spoken of wife and daughter entering the market of wage labor, as a necessity resulting from the social and industrial changes indicated. And so, in a melancholy proportion of cases, it is. Yet there can be little doubt that it is sometimes accepted as a necessity where more courage and patience and a broader view of self-interest would prove that this might be avoided; and in such a case it would often be truer economy to forego wages to be earned at the expense of leaving the house uncared for. "I find," says Mr. Fraser, Assistant Commissioner on the Employment of Women and Children in Agriculture, "that in my own parish, in Berkshire, the women have a sort of proverb that 'there's only fourpence a year difference between what she gets who goes

[1] These causes operate with much greater force in some countries than in others. The following table shows the number of spinsters in each 100,000 women in England and in Scotland severally, as by the census of 1871. I only insert the figures for the period 20–65.

Period of Life.	England.	Scotland.	Period of Life.	England.	Scotland.
20–25	65,160	73,790	45–50	12,373	20,150
25–30	35,622	44,290	50–55	11,694	19,917
30–35	22,365	30,145	55–60	10,884	19,211
35–40	16,844	25,011	60–65	10,905	20,342
40–45	14,150	21,866			

England annually celebrates 83 marriages for every 10,000 inhabitants; Scotland only 70.

out to work and what she gets who stays at home, and *she who stays at home wins it.*'" [1]

With something of exaggeration there is, no doubt, much of truth in this proverb of the Berkshire women. In the eagerness to increase the family income it is not sufficiently considered that, in the absence of the wife and mother, great loss must necessarily be sustained in the expenditure of that income; and secondly, that the ill-effects on the health of the family, on the duration of the laboring power, and on the moral elements of industry may be sufficient in many cases to offset the nominal gain achieved by stripping the house of its service and depriving the household of their proper care. The failure to appreciate that a penny saved is a penny earned, lies at the bottom of many a far-reaching mistake in domestic life as in productive industry. Waste in food, clothing, and utensils; waste in laboring force through ill-prepared and ill-preserved food; waste of the vital endowment of the rising generation through lack of that constant care which is the essential condition of well-being in childhood; waste of character and the formation of indolent and vicious habits through neglect to instruct and train the young, and through making the house cheerless and distasteful to the mature: the waste in these and many other forms which the entry of the wife and daughter on wage labor necessarily implies, in greater or less degree, will surely balance the addition of many shillings a week to the family income.[2]

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[1] Report of 1867–8, p. 17, *n.*

"The wear and tear of a neglected home," says Mr. R. Smith Baker, "is greater than the income which the wife's labor adds to the weekly means; and he who can earn enough and to spare ought to feel it a degradation for the wife of his bosom to mingle in these dangerous assemblies. Moreover, a workingman's family is his wealth when well brought up; his bane when sickly and unhealthy."

[2] The disposition to allow married women to undertake paid labor in public places varies greatly in different communities. Mr. Carey in his Essay on Wages (1835) states that out of one thousand females in the Lawrence Factory at Lowell, there were but eleven married wo-

Yet, after all, there is an increasing multitude of women who, through having no house to keep, or through the straitness of the family means, have no choice but to enter the mill or the shop, and submit to the rude lustlings of the market place—and room has not been made for them.

It may sound strangely that even in the United States, where it is of general consent that women are treated with higher relative consideration than in any other country in the world, respect and sympathy for them are wanting in such a degree as to deprive them of any part of their equitable wages. I speak, however, of respect and sympathy for women as laborers. In their "sphere," to use the phrase which so exasperates the advocates of suffrage without regard to sex, women have always received homage and service, but as wage-laborers in the public market they have suffered not a little in the past. This has not been from want of chivalry, but from defects

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men (p. 88, *n.*) The proportion in these later days is much greater. I am indebted to the Hon. Wm. P. Haines for the information that of 1506 and 1203 persons employed respectively by the Pepperell Manufacturing Company and by the Laconia Company, both of Biddeford, Me., engaged in cotton-spinning, 105 in the former and 135 in the latter were married women.

Much indisposition to allow the wife to go into the mill is seen in the flax and jute districts of Scotland. Of 784 women employed in the mills at Arbroath, only 5½ per cent were married. "It appears," say the commissioners of the Local Government Board (1873), "to be considered somewhat discreditable for a woman to work in a factory after her marriage, and she does so only under the pressure of a stern necessity." At the same time almost 28 per cent of the females of Scotland were actually bread-winners. This is due to the excess of spinsters previously noted. The married women employed in the textile manufactories of England and Wales are estimated by Mr. W. C. Taylor, Inspector of Factories, at about 150,000 (Soc. Sc. Trans., 1874, p. 571). "Married women in factories are exceptional," says Mr. Phipps in his Report of 1870 on the Condition of the Industrial Classes of Wurtemburg (p. 223).

M. LePlay, in his work on the Organization of Labor, dwells strongly on the economical advantages of leaving the mother and daughter at the fireside.

of education. The need that woman is coming to have, in modern life, to enter the competitions of industry, has not become sufficiently familiar to the public mind; the idea has been strange, her image in such garb unwelcome.[1] That public opinion which should open to her avenues of employment; which should be a strong support to her in her demands for fair remuneration; which should be a defence to her in her close pursuit of employment, in her urgent and persistent application for work, in her necessary exposure to gaze and comment, and in her contact with much that is strange and rude, has not yet been created in such a degree as to give to the sex all that freedom of industrial movement which might be consistent with feminine purity and delicacy. We have not yet come to appreciate the obligation which their necessity imposes upon us, as men and gentlemen, to follow them with our earnest, active sympathy, and to protect and champion them not less in their labor than at dance or festival.

And what is the remedy? Agitation and the diffusion of correct ideas. Let gifted women continue, as in the past, to appeal for public respect and sympathy for their sisters in their work; let the schools teach that public opinion may powerfully affect wages, and that nothing which depends on human volition is "inexorable;" let the statistics of women's wages be carefully gathered and persistently held up to view. Efforts like these will not fail to strengthen and support woman in her resort to market, thus enabling her the better to realize the condition upon which alone she can expect to receive the highest wages which the existing state of industry will allow.

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[1] "Fancy," says Miss Emily Faithfull, "a gentleman seeking remunerative work *sub rosa!* And yet this is the state of mind in which so many ladies come to our Industrial and Educational Bureau, that they even refuse to state their requirements to the lady manager, but insist upon seeing me personally on 'strictly private and confidential business.' Public opinion is to be blamed for this; and unless the press will help us to strike a blow at the false pride now in our midst, parents will still neglect to place their daughters in honorable independent positions."—*Letter to the London Times*, 1876.

CHAPTER XIX.

MAY ANY ADVANTAGE BE ACQUIRED BY THE WAGES CLASS THROUGH STRIKES OR TRADES-UNIONS?

It was seen in our analysis of the operation of competition (Chapter X.) that the members of the wages class on their side, and the members of the employing class on theirs, act singly, each for himself, with individual spontaneity; and that out of this complete mobility of the individual, in subjection only to his own sense of his own interest, issue the highest conceivable industrial order and an absolutely right division of burdens and diffusion of benefits.

The question in the present chapter is, whether, there being an acknowledged failure of competition, greater or less, on the side of the wages class, from ignorance, inertia, poverty, or the undue anxiety of individuals to snatch, each for himself, at the first employment offered, any thing can be added to the real power of this class in competition, through restraints voluntarily adopted. The perfect reasonableness of supposing that some advantage might be derived by the wages class from such arrangements, will be seen if we compare their situation with that of an audience seeking to escape from a crowded theatre which has taken fire. There may be time enough to allow the safe discharge of every soul, and in that case the individual interest of each person clearly coincides

with the interest of the audience taken collectively—namely, that he should fall-in precisely according to his present situation relative to the common place of exit. Yet we know that, human nature being what it is, panic is likely to arise and a crazy rush ensue, each trying to get before his neighbor, with the certain result that the discharge of the whole mass will be impeded, and the strong probability that not a few will be trampled to death. If now, upon men in such a situation, discipline can be imposed, and the procedure which is for the interest alike of each and of all can be allowed to go forward steadily, swiftly, and surely under authoritative direction, a great deal of misery may be prevented. Discipline, restraint, create no force, but they may save much waste.

In just such a situation, say those who are the professed advocates of the "cause of labor," is the wages class in many if not in most communities. Grant that the true interest of each member consists with the interest of the whole, no one will assert that each man's interest, as he may understand it and be prepared to act on it, necessarily consists with the good of all. When industry slackens and employment becomes scarce, there is the same danger to the mass, from the headlong haste and greed of individuals, as in the case of the theatre just referred to. A mistaken sense of self-interest may even pervert competition from its true ends, and make its force destructive. If, then, it is urged, bodies of labor can be put under discipline so that they shall proceed in order and with temper, great injury may be averted: injury which once wrought may become permanent.

There is, surely, nothing unreasonable in this claim. Let us, therefore, without prejudice proceed to consider the agencies by which, under this plan, it is proposed to meet the infirmities of the laboring classes.

The issue is not whether joint action is superior to the individual action of persons enlightened as to their industrial interests, but whether joint action may not be better

than the tumultuous action of a mass, each pursuing his individual interest with more or less of ignorance, fear, and passion.

The question of strikes has generally been disposed of by economists with a summary reference to the doctrine of the wage-fund. Strikes could not increase the wage-fund, therefore they could not enhance wages. If they should appear to raise the rate in any trade, this must be due either to a corresponding loss in the regularity of employment or to an equivalent loss, in regularity or in rate, by some other trade or trades occupying a position of economical disadvantage. Hence, strikes could not benefit the wages class. But we have rid ourselves of the incubus of the wage-fund; and the question of strikes is, therefore, with us an open question as yet. We have seen[1] that the amount of wages received by the laborer may be insufficient to furnish the food necessary to his maximum efficiency, and that an increase of wages might, by increasing his laboring power, increase the product not only proportionally, but even more than proportionally, under-feeding, whether of men or cattle, being admittedly false economy. If a strike should enable a body of laborers to secure such an advance against the reluctance of their employers, it might easily turn out that the masters would not only not be injured, but would be benefited in the result. The same would be true of an advance of wages which allowed the workmen to obtain more light and warmth and better air in more commodious dwellings. The same might prove to be the case with an advance of wages which merely stimulated the social ambition of the workmen, the wages of labor being, in the language of Adam Smith, "the encouragement of industry, which, like every other human quality, improves in proportion to the encouragement it receives." The same would probably be the result, though after some delay, of an advance of wages

[1] Pp. 53–58.

which enabled workmen to send their children to school, thus bringing them into the mill or shop, a few years later, far more intelligent and physically more capable than if they had been put at work at seven or eight years of age. It might easily prove, according to the principles which have been laid down respecting the efficiency of labor, that such expenditures would be found to be the best investment which the employer ever made of the same amount of money, giving him industrial recruits of a much higher order.

I might multiply illustrations showing how an advance of wages which masters were unwilling to concede, and which workmen through their isolated and mutually jealous and suspicious action would be unable to command, if effected through united action might prove to be for the interest of both masters and men.

By others, again, the question of strikes is dismissed with the assertion that they generally fail of their objects. "Never, in any case," says Mr. R. W. Hopper, "has an extensive strike resulted in an advance of wages."[1] To a request to act in a mediation between masters and men, Lord Cranworth replied, "In the game, so to say, of combination the workmen eventually fail."[2] M. Théodore Fix, in his work *Les Classes Ouvrières*,[3] writes: "After

[1] Fortnightly Review, August, 1865.

[2] Statistical Journal, xxx. 5.

[3] P. 194.

Doubtless a much larger proportion of the earlier than of the later strikes in England were attended by immediate success. The reason may be presumed to be that, after the repeal of the Combinations Acts in 1824, the workmen struck simply for bread enough to eat. They had been held down by law and ground by an unequal competition till they were reduced below the economical point of subsistence. As to this the testimony of all reports is unanimous. Strikes made for such a palpable cause are more likely to succeed than those which are made, as many of the later ones have been, for doubtful reasons, on ill-chosen occasions, or for the enforcement of trades-unions rules

making vast sacrifices, the workmen almost invariably succumb."

Granting that this is so in the sense in which the terms are used—that is, that in the great majority of cases workmen making a demand and seeking to enforce it by a strike, are beaten, and, after the exhaustion of their resources, have to go to work again on their master's terms[1]—is this quite conclusive of the whole question? The argument used against strikes is, it will be observed, much the same as that which was formerly employed by reactionary essayists, and even admitted with reluctance by many liberal writers, in proof of the failure of the French Revolution. The States-General had been succeeded by the Assembly; the Assembly by the Convention; the Convention by the Directory; the Directory had been turned out by the First Consul; the First Consul had been made Consul for life; the Consul had become Emperor; the Emperor had been driven from France; and after an interval of insolent foreign domination, a legitimate prince, unrestrained by a single constitutional check, untrammelled by a single pledge, led back priest and noble, unforgiving and unforgetting, to resume their interrupted license. There had been revolution after revolution; constitution after constitution; there had been proscriptions, confiscations, and massacres; there had been untold loss of blood and treasure; and in the end a king had returned who did not accept a constitution, but conferred a charter.

It is not an inspiring thought that arguments like these were for a whole human generation held sufficient to prove that the French Revolution was a mistake and a failure;

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which must appear to any disinterested person as void of sense and against common justice.

[1] Prof. Fawcett, in his Political Economy, has collected a number of instances of strikes immediately successful. The best succinct account of the strike-movement in England which we have met is contained in Ward's Workmen and Wages. The same work also contains much information respecting strikes and trades-unions on the Continent of Europe.

for we know now that the Bourbons were restored only in seeming; that the restoration of the old *régime* was forever impossible. The king and the princes had indeed returned, the same race besotted with the vain conceit of divine right; they led back, indeed, the same train of priests and nobles, untaught and incapable of learning; but they came back, not to the same, but to another France. Is it not conceivable that those who look on the submission of a body of laborers after a strike as a proof that their entire effort has been fruitless, may commit the same mistake as those who looked on the return of Louis XVIII. as the restoration of the Bourbons? But perhaps another insurrection, political in form but industrial in origin, may even better illustrate this point. I refer to the rising of the peasantry of England in the reign of Richard II. "*The rebellion*," says Prof. Rogers,[1] "*was put down, but the demands of the villains were silently and effectually accorded; as they were masters for a week of the position, the dread of another servile war promoted the liberty of the serf.*"

Strikes are the insurrections of labor. Like insurrections in the political body, they are a purely destructive agency. There is no creative or healing virtue in them. Yet, as an insurrection may destroy political institutions which have outlived their usefulness, and have become first senseless and then pernicious, thus clearing the way for an after-work of harmonious construction, so a strike may have the effect to break up a crust of custom which has formed over the remuneration of a class of laborers, or to break through a combination of employers to withstand an advance of wages, where the isolated efforts of the individuals of the wages class, acting with imperfect knowledge and under a fear of personal proscription, would be wholly inadequate to accomplish those objects.

[1] Hist. Agr. and Prices, i. 8.

But a strike can only justify itself by its results.[1] Unless it is to make way for a better order, it is waste, and waste of the worse sort, since not only is a great loss of production incurred,[2] but bad habits are likely to be formed in a period of enforced idleness, and bad blood certain to be generated by the contest.

Insurrections mark the first stages of the movement towards political freedom. Happy are the people who have got past insurrections, and can make their further progress "with even step and slow." Strikes are only of unquestionable utility in the first stages of the elevation of masses of labor long abused and deeply abased. Happy is the wages class when it has acquired that individual and mutual intelligence and that activity of industrial movement which put them beyond the necessity of such a brutal resort! Yet I can not conceive how one can look at the condition of the manufacturing operatives as they were left at the repeal of the iniquitous Combinations acts in 1824, and question that the early strikes in England were essential to the breaking up of the power of custom and of fear over the minds of the working classes, habituated to submission under the terror of laws now universally recognized as oppressive, unaccustomed to concerted action, illiterate, jealous, suspicious, tax-ridden, and poverty-stricken. What but some great struggle could have taught them the self-confidence and readiness for self-assertion which should overcome that fearful inertia? What else would have impressed the employing

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[1] Not necessarily, as we have shown on a preceding page, by its immediate results.

[2] The loss to production by strikes is often grossly overestimated. Not a few strikes take place because of a threatened reduction of wages in consequence of previous over-production, and the strike results in clearing the market more thoroughly than would be done otherwise. Then, again, the enforced inactivity of a strike for higher wages is often succeeded by an increased activity, which does something to make good the loss of time.

classes with a due respect for their laborers, or inspired that lively sense of the possible consequences of withstanding a just demand which is essential to competition in any true sense? "Masters are always and everywhere in a sort of tacit, but constant and uniform, combination not to raise the wages of labor above their actual rate."[1] It is well enough for the peace of industrial society and the mutual understanding of all parties, that masters should be made to know that two can play at that game. There is nothing to quicken the sense of justice and equity like the consciousness that unjust and inequitable demands or acts are likely to be promptly and fearlessly resisted or resented.

LEGISLATION AGAINST STRIKES AND COMBINATIONS.

We have seen that by the Statute of Laborers in England, workmen were not allowed to ask or receive wages above a fixed amount, not even, on pain of imprisonment, to accept "meat, drink, or other courtesy" (25th Edward III.) in addition to the stipulated sum. It will readily be believed that combinations of workmen for increase of wages were not favored of the law. By statute of 2d and 3d Henry VI., it was premised that "artificers, handicraftsmen, and laborers have made confederacies and promises, and have sworn mutual oaths not only that they should not meddle one with another's work, and perform and finish that another hath begun, but also to constitute and appoint how much work they shall do in a day, and what hours and times they shall work;" and therefore it was enacted that "if any artificers, workmen, or laborers do conspire, covenant, or promise together, or make oaths that they shall not make or do their works but at a certain price and rate, or shall not enterprise or take upon them to finish that another had begun, or shall do

[1] Adam Smith, Wealth of Nations, ii., 70.

but a certain work in a day, or shall not work but at certain hours and times," every person so offending should be visited in severe penalties, the punishment for the third offence being loss of ears and infamy. This statute was followed thick by others, so that the act of 1824 which exempts from criminal responsibility[1] meetings and combinations for fixing wages and altering the hours of work, provided no violence, threats, intimidation, molestation, or obstruction be done or offered towards masters or other workmen, repeals, if I have rightly counted them, twenty-eight acts, representing the wisdom of Parliaments in the reigns of ten different kings or queens.

While the law of England thus, by direct inhibition, sought to reduce to the minimum competition for labor, no statute, so far as I have observed, made even the decent pretence of restraining masters from combinations, until the beginning of the present century. "We have no acts of Parliament against combining to lower the price of work,"[2] said Adam Smith, "but many against combining to raise it." By statute of 40th George III. (c. 106), however, "all contracts, covenants, and agreements whatever, in writing or not in writing, made or to be made, by or between any masters or other persons, for reducing the wages of workmen, or adding to or altering the usual hours or time of working, or for increasing the quantity of work," were declared unlawful, under a penalty of £20.

This act is also specially noticeable for two provisions: one, that no master should act as justice of the peace

[1] "Yet they were not made lawful."—Sir William Erle, Trades-Unions, p. 26.

A combination of workmen is thus, in England, still to be held to examination in the light of the general principles of the law by which *unreasonable restraint of trade* is prohibited. 'The practical application of these principles," Sir William remarks, "lies in indictment for violation of duty towards the public, or in action for violation of a private right." (Ibid.)

[2] Wealth of Nations, i. 70.

for executing any of its provisions (sec. xvi.), a concession not yet made in respect to disputes between agricultural laborers and their employers; the other, that "whereas it will be a great convenience and advantage to masters and workmen engaged in manufactures that a cheap and summary mode be established for settling all disputes that may arise between them respecting wages and work," arbitrators should be appointed, under legal sanction, for determining the respective rights of the two parties in case of controversy. This last well-intentioned provision was, however, admitted by an act of four years later (44th George III., c. 87) to have failed of its purpose. But in 1824 (5th George IV., c. 95) Parliament repealed all the statutes which prohibited combinations of workmen. In 1825 this measure was perfected (6th George IV., c. 129) under the lead of Huskisson, who announced the broad principle that "every man is entitled to carry that talent which nature has given him, and those acquirements which his diligence has obtained, to any market in which he is likely to obtain the highest remuneration."

In France, combinations of workmen for the purpose of influencing wages were prohibited with great severity by the Penal Code of 1810, which also punished, though with less severity, combinations of employers for the purpose of unjustly depressing wages. By the law of 1849 the penalties decreed against combinations of masters and of workmen were equalized. By the law of May 25th, 1864, combinations free from violence or show of violence were sanctioned. "Le point de départ de la loi," said M. Ollivier, who reported the bill, "est celui-ci: Liberté absolue des coalitions, répression rigoureuse de la violence et de la fraude."[1] The act of 1864 did not fail of its purpose through being neglected by the working classes, who seemed to accept the permission to strike as a sort of legislative recommendation.

[1] Chapter xii. of the report of M. Ducarre, already cited, contains the text of the laws of 1810, 1849, and 1864 relating to combinations.

"There is scarcely a trade in France," said Mr. Ward, writing in 1868, "of which, during the last three years, the members have not combined for the purpose of increasing the rate of wages and diminishing the hours of labor, and their efforts to this end have usually met with success."[1]

In Belgium, strikes are freely resorted to, especially in Brussels,[2] yet perhaps nowhere is the workman's industrial responsibility for the abuse of this power more direct and certain than in this kingdom, owing to its geographical position and its peculiar commercial relations.

From the Netherlands M. Locock reports: "Such a thing as a strike is here almost unknown. Once or twice, indeed, it has been attempted, but it met with little sympathy, and was speedily suppressed."[3] The reason for the non-appearance of the strike movement in this kingdom is found in the fact that the provisions of the Penal Code of 1810 prohibitory of combinations (arts. 415 and 416), which we have seen were repealed in France by the law of 25th May, 1864, are still in force here.

Throughout North Germany liberty to combine was granted by articles 152 and 153 of the Industrial Code (Gewerbe-Ordnung[4]) of June 21st, 1869, and the same provisions have since been extended throughout the Empire: a vast change, whether we consider the extent of territory and of population affected, or the severity of the *régime* abolished by the Code of 1869.[5]

In Austria strikes are prohibited, and rarely occur. Ringleaders may, by the Code (art. 481), be punished with imprisonment, or expelled from the empire.

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[1] Workmen and Wages, p. 255.

[2] Mr. J. G. Kennedy's report (Textile Factories, 1873, p. 24, 25).

[3] Report on the Condition of the Industrial Classes, 1870, p. 25.

[4] The full text of this Code will be found (in translation) in the Report on the Condition of the Industrial Classes of Prussia, 1870, pp. 101–141.

[5] I speak generally. As I understand the matter, combinations had been legalized in Prussia four or five years previously.

From Norway, H.B.M. Consul-General Crowe reports: "No instance is on record of any combination having occurred to coerce masters with the view to obtain higher wages."[1]

In Denmark, Mr. Strachey reports that strikes seldom occur. "In 1848 the printers struck and received an advance in wages; in 1865 the bricklayers and carpenters struck for ten days; in 1867 the carpenters again struck, with the result of an additional twopence per week for their trouble."[2]

In Italy, the Penal Code is stringently prohibitive of combinations and strikes, the penalty being three months' imprisonment to all participants, and six months' to ring-leaders.[3] Strikes, however, occur in spite of the law. Mr. Ward gives a short list[4] of them, some successful, some unsuccessful, some resulting in compromise. The more recent statements of Mr. Herries[5] show no tendency to an increase in their number or severity.

In Russia, though there is no general organization of the laboring classes, Mr. Egerton[6] reports: "Strikes are by no means unusual."

TRADES-UNIONS.

The expediency of trades-unions is usually discussed as if connected with the expediency of strikes so directly and intimately that a decision upon one would be conclusive in respect to the other. Thus, many persons, having proved to their own satisfaction that strikes have had a great agency in advancing wages, have assumed that the existence of trades-unions is thereby justified. Others,

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[1] Report on the Condition of the Industrial Classes, 1871, p. 379.

[2] Report on the Condition of the Industrial Classes, 1870, p. 507.

[3] H.B.M. Consul Colnaghi's Report, 1871, p. 284 (articles 385–7 of the Code).

[4] Workmen and Wages, p. 283.

[5] 1871, pp. 209–248.

[6] 1873, Textile Factories, p. 112.

having demonstrated, as they think, the mischievous tendency of trades-unions,[1] have carried their conclusions out against strikes as if there were a vital connection between the two systems. No such relation in principle exists. Strikes are, as has been said, of the nature of insurrection. Trades-unions are associations for facilitating insurrection, like secret political clubs, and the desirability of these may well be regarded as a different question. The virtue of an insurrection is that it comes because it must come—comes because evils have grown intolerable, and to destroy is better than to conserve. We may recognize the office of violence in breaking up an utterly outworn order and clearing the ground for a reorganization of society and industry, yet fail to recognize an advantage in making systematic provision, in advance, for the easy resort to violence. Doubtless we might say, not only that, of all successful insurrections, those have been most beneficent in their results which have broken forth unprepared, out of the indignant sense of wrongs suffered and of burdens borne past patience, but also that, as a rule, insurrections are more likely to be successful when in the main spontaneous. It is not meant that any popular rising was ever unpreceded by more or less of conference among the natural leaders of the injured classes. But I apprehend that those risings which have been most elaborately devised, and in which the machinery of insurrection has been most extensively employed, are generally those which have most signally and often ignominiously failed. There is a double reason for this: on the one hand, there is a concert in the common sense of injury which gives a wonderful instantaneousness to the action of outraged masses; on the other hand, there is often a singular impotence in conspiracy. But this is by the way. The

[1] "Worse even than plague, pestilence, or famine, combinations among workmen are the greatest social evil which, in a manufacturing or mining community, afflicts society."—Sir A. Alison (History of Europe, xx. 206.)

comparison has been introduced only to enforce the thought that the proved expediency of strikes would not carry with it the expediency of the permanent organization of labor for the initiation and conduct of strikes. Being a destructive agency, these should never be resorted to except in a real and serious exigency which would, among any generous and manly class under a free government, furnish an organization for the occasion more vital and apt than any derived from a state of industrial peace.

But this assumes that the body of the working classes are at least tolerably intelligent, understanding their own interests and the conditions of their industry, having among them men of natural leadership, capable of uniting for a common cause, and of remaining firm and true to each other in enforcing their demands. It assumes, moreover, that a considerable proportion, at least, of these classes have something in the way of accumulations from past industry, and, as a consequence of this, have also a certain degree of credit with the trading class. But if, as is the melancholy fact in many countries of Europe, the body of laborers are found in a condition, no matter how induced, of dense ignorance, unaccustomed to the communication of thought, and to association for political or other purposes, with only here and there a laborer so fortunate or so wise as to have saved any thing from the avails of past labor: then doubtless they must be long drilled to subordination and concert of action in associations permanently maintained, and the funds requisite for the initiation and conduct of strikes must be accumulated in advance by the painful exactions of "the society" out of scant weekly earnings.

And it will be among the infelicities of such a situation, that these organizations will be dragged into strikes founded on demands which can not be maintained, which ignorance or passion on the part of the members—it may be of a bare majority only—or meddlesomeness and arrogance

on the part of officers and managers, have caused to be put forward without due consideration of the state of the market or the equities of distribution: demands which, by reason of their offensiveness or their extravagance, masters would not, without terrible punishment, concede if they could, and perchance could not if they would concede without ultimately checking production and diminishing employment. Such demands workmen would be much less likely to make if they had to combine especially for the purpose. The reason of the case would have to be shown very clearly to overcome the doubts of the cautious or the more experienced. There would be deliberation, the weighing of the cause, and the counting of the cost. But where a discipline approaching military perfection has already been established, where authority has been erected, and men have come, more or less voluntarily, but most explicitly, under obligation to obey the decrees of that authority, action upon claims of doubtful legality or expediency is likely to be prompt and peremptory.

I have thus far spoken of trades-unions as if they were maintained only for the purpose of initiating and conducting strikes, for increase of wages or reduction in the hours of labor. Trades-unions do, however, perform three other offices: first, as friendly societies; secondly, as sequestering trades and limiting their membership; thirdly, in legislating upon the methods of industry.

Of trades-unions as friendly societies insuring their members against the contingencies of sickness, loss of tools, involuntary loss of employment, or providing the rites of burial and a pension to the widow or to dependent children,[1] it is not needful to speak here at any length.

[1] The objects of the "Amalgamated Society of Carpenters," comprising 190 branches and 8261 members, were thus stated by Mr. Applegarth, the Secretary, before Sir W. Erle's Commission: "To raise funds for the mutual support of its members in case of sickness, accident, superannuation; for the burial of members and their wives; emigration, loss of tools by fire, waste, or theft, and for assistance to

A controversial advantage might be taken, by one inimically disposed, of the fact, brought so startlingly to light by recent actuarial inquiry, that nearly all the friendly societies of Great Britain have been conducting their business on an unsound basis, and that, in consequence, they have involved themselves in obligations which their realized and anticipated funds will be inadequate to meet;[1] but it ought, in fairness, to be remembered, in extenuation, that the British Government was in 1819 discovered, by Mr.

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members out of work ; also, for granting assistance in cases of extreme distress not otherwise provided for by the rules." The proposed member "must be in good health, have worked five years at the trade, be a good workman, of steady habits, of good moral character, and not more than forty-three years of age." The admission-fee is 2*s.* 6*d.* ; the weekly payment 1*s.* The several benefits are as follows : "Donation benefit for 12 weeks, 10*s.* per week ; for another 12 weeks, 6*s.* per week ; for leaving engagement satisfactory to branch and executive council, 15*s.* ; tool benefit, to any amount of loss (or when a man has been a member for only six months, £5) ; sick benefit for 26 weeks, 12*s.* per week, and then 6*s.* per week so long as his illness continues ; funeral benefit, £12 (or £3 10*s.* when a six-months' member dies) ; accident benefit, £100 ; superannuation benefit for life : if a member 25 years, 8*s.* per week ; if a member 18 years, 7*s.* ; if a member 12 years, 5*s.* The emigration benefit is £6, and there are benevolent grants, according to circumstances, in cases of distress."

The following is the exhibit of the liabilities and assets of the "Manchester Unity," an association numbering 426,663 members, and having 3488 places of business :

LIABILITIES.

Present value of Sick Benefits	£8,548 592
" " Funeral Benefits to members	1,775 162
" " " to wives	444 086
	£10,767 840

ASSETS.

Present value of contributions	£6,473 531
" of additional resources	392 127
Capital	2,558 735
	£9,424 393
Deficiency	£1,343 447

Finlaison, to have been for twelve years doing quite as foolish a thing in the sale of its annuities.[1] The friendly societies have, so far as appears, shown every disposition to correct an error which it has taken the actuaries of England some time to discover.

Of the advantages of making the trade the unit of life and health insurance, much could be said. Only two points need be mentioned: first, it affords the very perfection of advertisement and agency. This is the weak point of life insurance as it exists outside of natural associations, like trades and professions. The report of the Insurance Commissioners of Massachusetts for 1870 shows that, of the companies doing business in that State, seventeen per cent of the gross receipts went to expenses; and of this, ten and a half per cent went in commissions to agents. But this is not all. Even agencies sustained at such an expense fail to give the system of life insurance any thing like the extension which its economical advantages deserve, while among the working classes who especially need insurance, since calamities with them cut so deep into the quick and work such lasting injury, the ordinary sort of life insurance performs scarcely an appreciable office. But a friendly society, confined to a particular trade, having a natural constituency more or less bound together by personal acquaintance and common interests, and actually managed by its contributors, furnishes, as has been said, the very perfection of advertisement and agency. Secondly, to make the trade the unit of life and health insurance, affords the most equitable rule of contribution. Wide differences exist as to the healthfulness and longevity of occupations, as has been shown by some instances previously cited.[2] In the friendly society men

[1] The loss to the government was estimated by Mr. Finlaison at £95,000 a year.

[2] Pp. 36–38. Speculators in British annuities under the bill of 1808 had a *penchant* for Scotch gardeners, these appearing to constitute the longest-lived class recognized in the statistical tables.

who belong to long-lived and healthy trades, and whose money wages are perhaps considerably reduced in consequence thereof, are not obliged to pay for the sickness and the premature mortality of members of other trades, who are perhaps paid much higher rates, in compensation for the dangers and hardships of their work.

But of trades-unions as friendly societies it is enough here to say that these humane and useful provisions can be better accomplished by associations which do not assume or attempt to legislate on the methods of industry, or to dictate terms to employers, than by societies which are liable at any time to be dragged into protracted and exhausting contests, and compelled to expend in industrial warfare the funds long and painfully gathered against the providential necessities of labor. The trade-clubs of Denmark and the Netherlands and the "artels" of Russia are examples of friendly societies which avoid this dangerous confusion of functions. The distinction between trade-societies and benefit-societies is also very strongly marked in Prussia. In 1860 the relief-societies amounted to 3644, with an aggregate membership of 427,190 and an annual income of nearly one million dollars.[1]

In France these societies are, under the decree of 1852, classified as "approved" or "authorized." The total number in 1867 was 5829, of which 4127 were approved and 1702 authorized. Those which are approved conform to the requirements of the statutes, and enjoy certain privileges in consequence. The funds of the societies at the close of 1867 amounted to forty-six millions of francs, the annual receipts rising to fourteen millions. Members had received sick-allowances during that year to the extent of 3,998,216 days. The total membership of both classes of societies reached 750,590, of whom 120,387 were women.[2]

In Denmark, Mr. Strachey reports not more than one

[1] Ward's Workmen and Wages, p. 209.

[2] Report on the Condition of the Industrial Classes, 1870, pp. 479–482.

workman in fifteen, or at the outside one in ten, as subscribing to sick-clubs.[1] In Italy, Mr. Herries reports about 600 friendly societies, with a membership not ascertained.[2] In Russia the only species of friendly societies existing is the "artel," a small club rarely of more than thirty or forty members, more often of but ten to twenty.[3]

It is in Great Britain that we find friendly societies most widely spread and taking deepest root among the working classes. The Commissioners in their Fourth Report (1874) estimate that in England and Wales there are 32,000 such societies, with an aggregate of four million members and an accumulation of funds in hand in excess of fifty-five millions of dollars. They add an estimate that these societies save to the poor-rates ten million dollars a year.[4]

But, secondly, besides the offices already indicated, trades-unions effect the object, whether desirable or not, of sequestering[5] their respective trades, reducing the accessions by apprenticeship to the minimum, and practically prohibiting all accessions to their number, after the first general muster, except through the door of apprenticeship, thereby strictly limiting the number of workmen in each occupation and keeping the price of their services artificially high.

By what means the constant warfare upon non-society men is carried on; by what arguments and appliances able workmen are convinced that it would be for their interest to enter these close labor-corporations; to what shifts the excluded are put for employment in the presence of powerful societies, proscribing them and all who

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[1] Report on the Condition of the Industrial Classes, 1870, p. 509.

[2] Report for 1871, p. 290.

[3] Mr. Egerton's Report of 1873.

[4] Report, pp. xvi, xvii.

[5] This appears to be the sole office of the associations of artisans ("esnaf") in European Turkey. Mutual succor is an object which scarcely appears in their organizations.

shall employ them, or on what terms of humiliation they are at times tolerated, it is not my purpose to speak in detail here. To the objection that, by the organization of such close industrial corporations, the great body of laborers are, in a degree, shut out from the benefits of employment, while the enhanced prices of labor, thus protected from competition, are in a great measure paid by the unprotected wage-laborers, whose condition is rendered only the more miserable, the advocates of trades-unions make in substance these answers:

First, that without such restrictions the increase of uninstructed and unprovided labor would cause every trade to be overrun in turn, the wages in each being slowly but surely brought down, and the whole body of workmen degraded to the lowest level of mere animal subsistence; that nearly all the trades in England were in that condition when the unions undertook the work of restriction; that for those trades which are now happily rescued from such a condition and lifted to a position of industrial independence, to remove their barriers out of sympathy with the general mass of labor and admit all freely into competition, would afford but the briefest relief, inasmuch as the improvidence of the ignorant, weak, and vicious would soon fill the space thus opened with just as hungry and wretched a crowd as now surges outside the barriers, and the sole effect would thus be to ruin the privileged trades without helping their less fortunate brethren, as a drowning man catches and drags down one who might swim and save himself.

Secondly, that instead of the associated trades throwing themselves thus away in a delusive Quixotism, they do in effect accomplish a much better result for the less skilled laborers by maintaining a high standard of work and wages, and by acting, in their strong estate, as a bulwark against the invasions of "capital," affording example and opportunity to all inferior bodies of labor to associate and govern themselves by similar methods.

Thirdly (what has been intimated above), that there is really no limit to the principle of association among wage-laborers, and no reason, in the nature of the case, why every branch of industry, even to the day-laboring class, should not be protected by similar organizations and regulations. The recent extension of agricultural unions among the scattered farm-laborers of England is pointed to with not a little force as proving the adaptation of the system of industrial federation to conditions the least favorable. When, then, it is said all industries are thus organized and established, none will be at advantage or disadvantage relatively to another, but all will be at an advantage with respect to the employing class. Meanwhile the result of universal federation would not be hastened but retarded by our relaxing our restrictions and abandoning the good principle. It is wholesome rigor which we exercise; our measures seem selfish, and indeed they are taken with consideration only of our own interests, but the results are sure to favor the whole cause of labor.

In each and all these claims there is enough of truth to entitle them to somewhat more respectful treatment than has been accorded them. The student of history recognizes that the ancient guilds of which the trades-unions are the indirect successors performed a high office in their time.[1] Selfish as were the aims and proscriptive as were the methods of the guild, it had yet its part to play in the strife of the people against king and priest and noble; and it played that part, on the whole, well. Selfish and proscriptive as the modern trade-union has

[1] "Although it is undoubtedly true that in a normal condition of society the system of protection and monopoly, of which the corporations were the very ideal, is extremely unfavorable to production, in the anarchy of the Middle Ages it was of very great use in giving the trading classes a union which protected them from plunder and enabled them to incline legislation in their favor."—Lecky's History of Rationalism, ii. 240.

been, it has curbed the authority of the employing class which sought to domineer not in their own proper strength, but through a cruel advantage given them by class legislation, by sanitary maladministration, and by laws debarring the people in effect from access to the soil. My difference with such defenders of trades-unions as Mr. Thornton is merely as to the time when these should be put away as an outgrown thing. I find no ground for expecting any benefit to the wages class as a whole, from restricting the access to professions and trades in any country where education is general, where trade is free, where there is a popular tenure of the soil, and where full civil rights, with some measure of political franchises, are accorded to workingmen.

But it is as associations for legislating respecting the methods and courses of industry, that trades-unions acquire their highest importance.

Strong as the passion of meddling is in all political communities, it appears nowhere so strong as in organizations of workingmen; mischievous as have been the restrictions upon trade and industry, imposed in the past by governments, it would be difficult to match some of the latest trades-union edicts out of the statutes of Edward III. and Richard II.

The Reports of the British Commissioners (Sir William Erle, chairman) of 1867 show that there were in force among trades-unions rules like the following, to be enforced, wherever the unions should find themselves strong enough, by fines levied on the masters, or by strikes:

Prohibiting a man from employing his own brother or son, or even from laboring with his own hands at his own work, unless duly admitted to membership of the proper trade society.

Prohibiting a workman to work out of his trade, so that a mason may not, for the shortest time, do the least part of

the work of a bricklayer, or a bricklayer undertake the smallest casual patch of plastering or of stone-laying, or a carpenter finish a remnant of bricklayer's or mason's work, and if called in to fit a door or set a post, he may not, if he find the space accidentally left too small, remove so much as one loose brick, but must wait for the appropriate artisan to be summoned.

Prohibiting a workman, where an assistant is usually required, to be his own assistant, for never so small a job or short a time, so that a plasterer, called to a piece of work where an assistant would not be actively employed for one eighth of the time, must still come attended by his "homo," who, if he can not be kept usefully busy, will, for the good of the craft, remain dignifiedly lazy during the whole operation.

Prohibiting any one to be known as an exceptionally good workman in his trade; against walking fast to the place of work when in the employer's time; against carrying more than a certain load, as eight brick at a time in Leeds, ten brick in London, or twelve brick in Liverpool.

Prohibiting use to be made or advantage taken of natural agents, of improved machinery, or of special local facilities. Thus we have regulations against brick being wheeled in a barrow instead of being carried in a hod, for no other reason alleged than that brick can be wheeled more easily than carried; against brick being made by machinery or stone dressed by machinery, so that inventions of vast capability remain almost unused in England; against stone being dressed, even by hand, at the quarry where it is soft and can be easily worked.

Prohibiting with more than Chinese intolerance the use within small districts, arbitrarily circumscribed, of material produced outside, so that brick can not be carried into Manchester from brickyards distant only four miles without the certainty of a strike; prohibiting an employer from taking a job outside the place of his own residence, unless he shall take with him at least one half the workmen to

be employed; prohibiting members to "work for any gentleman, at any job whatever, who finds his own materials or does not employ a regular master in the trade to find the same;" and, finally, making war at every stage upon "piece-work."

It is not to be understood that any one society has adopted all these rules, or that all societies have adopted any one of them; but, to a very great extent, rules like those recited, and many others quite as minutely restrictive, are enforced by the whole striking-power of the trade.

All such regulations and restrictions must clearly be judged by the principle which has been applied to State legislation on similar subjects. If they can be shown, beyond any reasonable doubt, to be correspondent to human infirmities in such a way that labor, on the whole and in the long run, has actually a freer resort to its best market by reason of them, then they stand justified on economical grounds. But if they are not thus required to correct liabilities which threaten the mobility of labor, they must be pronounced as mischievous as they are irritating and insulting. And this liability and strong proclivity of associations of workingmen to intermeddle and dictate concerning the methods and courses of industry must be accepted as a valid, practical argument from human nature against trades-unions.

CONCLUDING REMARKS.

Throughout the foregoing discussions I have written under a constant sense of my accountability as a teacher of political economy. I have adduced no causes, recognized no objects, but such as I deemed to be strictly economical. No ethical or social considerations have moved me consciously in the composition of this work. Causes have, it is true, been here adduced which are not commonly recognized as economical, but it has only been where reasons could be shown sufficient, in my judgment, for attributing to these causes, which are perhaps primarily ethical or social, a clear potency within the field of industry, affecting either the production or the distribution of wealth; for I hold that it can not be questioned that whatever affects either of these is, in just so far, an economical cause. Thus, sympathy for labor (pp. 362–372), if it serves in any degree to make competition on the side of the laboring class more active and persistent; if it takes any thing from the activity and persistency with which the employing class use the means in their power to beat down wages, or lengthen the hours of work, or introduce young children into painful and protracted labor, becomes, in just so far as it has such an effect, a strictly economical cause, to be recognized, and, so far as may be, its force measured, by the writer on the distribution of wealth. The economist recognizes indolence (pp. 174, 175), the indisposition to labor, as an economical cause, holding men back from the acquisition of wealth which they might obtain but for the force of this principle. Why is not public opinion, restraining men, as it so largely does, from the acquisition of wealth by means held to be dishonorable or oppressive to the weaker classes of the community, also and equally to be recognized as an economical cause?

I regret that this treatise should be so strongly controversial in form; but the fact is, certain doctrines which I deem to be wholly unfounded have become so widely spread that one can make no progress, by so much as a step, towards a philosophy of wages without encountering them. These doctrines are:

1st (pp. 136–140). That there is a wage-fund irrespective of the numbers and industrial quality of the laboring population, constituting the sole source from which wages can at any time be drawn.

2d (pp. 161–165). That competition is so far perfect that the laborer, as producer, always realizes the highest wages which the employer can afford to pay, or else, as consumer, is recompensed in the lower price of commodities for any injury he may chance to suffer as producer.

3d (pp. 243–246). That, in the organization of modern industrial society, the laborer and the capitalist are together sufficient unto production, the actual employer of labor being regarded as the capitalist, or else as the mere stipendiary agent and creature of the capitalist, receiving a remuneration which can properly be treated like the wages of ordinary labor.

These doctrines I have found it necessary to controvert; and in so doing have not cared to mince matters or pick phrases. For any excess of controversial zeal I shall easily be justified, if I have substantiated the positions I have taken; on the other hand, if I have been unduly presumptuous in assailing doctrines sanctioned by such high authority, a little too much harshness in argument will not add appreciably to my offence.

It may, perhaps, be well to guard against misconstruction on a single point. In getting rid of the wage-fund, we have not reached the result that wages can be increased at any time or to any amount whatever. We have merely cast aside a false measure of wages. Wages still have their measure and their limits, and no increase can take place without a strictly economical cause.

Wages can not be larger than the product except by force of pre-existing contract. Wages must, in the long run, be less than the product by enough to give the capitalist his due returns, and the employer his living-profits.

What then has been effected by doing away with the wage-fund? We have shown (Chapter VIII.) that the remuneration of hired labor finds its measure not in a past whose accumulations have been plundered by class legislation and wasted by dynastic wars, but in the present and the future, always larger, freer, and more fortunate. If capital furnishes the measure of wages, then that measure is derived from the past, such as it has been, and no increase of energy, intelligence, and enterprise on the part of the laboring class can add to, as no failure on their part can take from, their present remuneration, which is determined wholly by the ratio existing between capital and population. If production furnishes the measure of wages, as is here maintained, then the wages class are entitled to the immediate benefit of every improvement in science and art, every discovery of resources in nature, every advance in their own industrial character (Chapter IX.). Surely it is not a small matter that the laborer should find the measure of his wages in the present and the future, rather than in the past!

But that portion of this treatise on which I should be disposed most strongly to insist, as of extended consequence in the philosophy of wages, is the doctrine that *if the wage laborer does not pursue his interest, he loses his interest* (Chapter X.) in opposition to the view so generally maintained by economists, that if the wage laborer does not seek his interest, his interest will seek him; that economical forces are continually operating to relieve and repair the injuries of labor; and, specifically, that all sums taken in excessive profits, or for the excessive remuneration of capital, whether through combina-

tions of employers or capitalists or through the disabilities of the working class, are sure to be restored to wages. To the contrary, I have sought to show that, in a state of imperfect competition:

First, wages may be reduced without any enhancement of profits, the difference being, not gain to the employer, but loss to mankind through the industrial degradation of the laborer (Chapter IV.) Secondly, for so much of the sums taken from the laboring class by reduction of wages as the employers or capitalists may at the time secure in excessive profits or excessive interest, there exists no adequate security, under the operation of strictly economical forces, that it will be fully returned to the wages class in a quickened demand for their labor, inasmuch as luxuriousness and indolence (pp. 237–40, 251) will inevitably enter, among the majority of employers, to waste in self-indulgence a portion of the profits so acquired, or to take something from the activity and the carefulness with which future production will be pursued. Thirdly, in respect to such industrial injuries as have just been described, economical forces by themselves tend (pp. 165, 166) to perpetuate and continually to deepen the injury, putting the laborer at a constantly increasing disadvantage in the exchange of his services.

If these three propositions have been substantiated, it follows with absolute certainty that the doctrine of the schools, that in a state of imperfect competition the employer and the capitalist are the guardians of the laborer's interests and the trustees of his wages, is most fallacious, those interests being, in truth, only secured when placed in his own keeping (pp. 241, 242), those wages being only his own when paid into his hands, and that, to enable him thus to maintain his rights in the distribution of the product of industry, he must be qualified by an education which is wholly extra-economical, for which the community, through either its social or its political agencies, must make provision.

This brings us face to face with the doctrine of *Laissez faire*, which teaches that the spontaneous action of individuals, each seeking his own interest on his own instance, guided and helped at most by the purely social forces of the community, will achieve the best possible industrial results; and that the interference of government, operating by constraint and compulsion, under the sanction of law, can only be mischievous. Reasons have been shown for believing that *Laissez faire*, so long and loudly proclaimed a principle of universal application, is nothing but a rule of conduct (pp. 162–4) applicable in certain conditions; a rule very useful, indeed, when duly subordinated to higher considerations, but mischievous when allowed to bar the way to clear, practical opportunities for advancing the industrial condition of mankind; a rule, in short, which, like fire or water, is a good servant but a bad master.

Yet, in reducing *Laissez faire* from the rank assigned it in most economical treatises, to its true grade of a practical rule, good in certain conditions only, we have not reached the result that State interference is therefore desirable at any and every point where the spontaneous action of individuals shall be seen to be inadequate to achieve the highest good of all classes. We have merely put the objection to paternal government on grounds which will bear examination. State interference, however well intended, however clear the occasion, is certain in some degree to miss its mark, and to work more or less of positive mischief in any attempt to remove the evils incident to individual action. Legislation is always more or less unwise; administration always falls in some degree short of its intent (pp. 172, 173). Certainly no one can entertain a stronger sense of the evils of the regulation by law of the industrial concerns of the people than the writer of this treatise. State interference with industry is only justified where the admitted mischiefs of restriction are heavily overborne by an urgent occasion for preventing the per-

manent degradation of the laboring classes through the operation of economical forces which the individual is powerless to resist.

Admitting, then, that it is eminently desirable to reduce the action of the organized public force to the minimum consistent with the above object, shall we not say that government can not relieve itself from the necessity of frequent and minute interferences with industry in any other way to so great an extent as by, 1st, insisting on the thorough primary education of the whole population; 2d, providing a strict system of sanitary administration; 3d, securing by special precautions the integrity of banks of savings for the encouragement of the instincts of frugality, sobriety, and industry?

Each of these things is contrary to the doctrine of *Laissez faire*; yet I, for one, can not find room to doubt that, on purely economical grounds, the action of the State herein is not only justifiable but a matter of elementary duty. A little interference with the freedom of individual action here will save the necessity of a great deal of interference elsewhere. If the State will see to it that the whole body of the people can read and write and cipher; that the common air and common water, which no individual vigilance can protect, yet on which depends, in a degree which few even of intelligent persons comprehend, the public health and the laboring-power of a population, are kept pure; and that the first feeble efforts of the poor at bettering their condition and saving "for a rainy day" are guarded against official frauds and speculative risks, it may take its hands off at a hundred other points, and trust its citizens, in the main, to do and care for themselves. These things therefore are demanded by the true *economy of State action.*

But, even so, I find to my own satisfaction at least a present necessity for legislation and administration in the interest of health, in the case of all industries where large numbers of laborers of differing sexes, ages, and degrees

are aggregated, especially where other than manual power is employed. Factory acts prohibiting labor for all classes beyond the term which physiological science accepts as consistent with soundness and vigor; restricting within limits carefully adapted to the average capability of effort and endurance the employment of children and of women also, so long at least as women are denied suffrage on the ground either of mental inferiority or sexual unfitness for contact with what is rough and vile; and providing a full and frequent sanitary inspection of air and water, from garret to cellar, in all buildings thus occupied: acts like these seem, at least in the present, to be justified and demanded, not more by social and moral than by economical considerations (pp. 357–9). For it must ever be borne in mind, in such discussions, that those things are economically justified which can reasonably be shown to contribute, on the whole and in the long run, to a larger production, or, production remaining the same, to a more equable distribution of wealth.

INDEX.

Adams, John, the paper money of the American Revolution, 16.

Agricultural wages paid largely in kind, 20–4; agricultural laborers in England crippled early by rheumatism, 38; agricultural truck not forbidden in England, 327.

Agriculture, great irregularity of employment in, 27, 28, 32, 33; law of "Diminishing Returns" in, chap. v.; difficulty of applying co-operation to, 280, 281.

Air, purity of the, affecting the efficiency of labor, 60–4.

Alison, Sir Archibald, *History of Europe*, 54, 75*n.*, 118*n.*, 133*n.*, 180*n.*, 268*n.*, 317, 318, 355, 397*n.*; (*Report on the Payment of Wages Bill*, 1854), testimony respecting truck, 331–333.

Allotment system, the, 25.

Ames, Dr., *Sex in Industry*, 373.

Annuities, mistake of the British Government respecting sale of, 400, 401.

Applegarth, William, objects and methods of the Amalgamated Society of Carpenters, 399.

Apprentices, statute of (England), 306, 307.

Apprenticeship made the condition of entrance to many trades by union regulations, 403–5.

Arbitration, 394.

Argyle, Duke of, famine in India, 118*n.*; necessity for restrictions upon labor, 357.

Arithmetical increase of subsistence, 102.

Ashworth, Mr., comparative cost of clothing from cotton, wool, and flax, 122*n.*

Austria, co-operation in, 288; restrictions upon industry, 309, 310; marriage statistics, 356; factory legislation, 360; strikes, 395.

Avarice, in masters and employers, opposes true self-interest, 59, 164.

Babbage, Charles, *Economy of Manufactures*, 98, 257, 279*n.*, 280*n.*, 282*n.*

Bagehot, Walter, varying efficiency of labor, 47; *Lombard Street*, 230.

Baines, Mr., improvidence of the cottage population of Leeds, 350*n.*

Baker, R. Smith, false economy of the labor of married women in factories, 382*n.*

Bastiat, Fred'k., *Harmonies of Political Economy*, 159*n.*

Batbie, M., *Nouveau Cours de l'Économie*, 44*n.*, 49*n.*, 54, 65.

Baxter, R. Dudley, *National Income*, 30*n.*, 31, 32, 38, 375*n.*; *Local Taxation*, 323.

Bazley, Sir Thomas, accidents in mining in England, 36*n.*

Beaulieu, M., *Les Populations Ouvrières*, 78.

Belgium, statistics of height and weight, 50, 51; intemperance in, 78*n.*; ratio of bread-winners to dependents, 126*n.*; proportion of foreigners in the population, 184; co-operation in, 287; marriage statistics of, 356; no factory legislation in, 361; laws against strikes and combinations in, 395.

Beverley, Mr., marriages early in India, 356*n.*

Biggs, Wm., testimony respecting frame rents, 334.

Birth-rate, within different occupations, 191; effect of injudicious poor laws upon, 322, 323.

"Black Death," the, industrial consequences of, 304.

Blanqui, M., *Cours d'Économie Industrielle*, 59*n.* 274*n.*

Board, to agricultural laborers, 20, 21.
Bodio, Louis, *Casse di Risparmio*, 350.
Bonar, Mr., relation of employers and laborers in Switzerland, 260*n*.
Boot and shoe manufacture, irregularity of employment in, 30; introduction of machinery into, 189.
Brabazon, Lord, payment of agricultural wages in France, 20*n*.; food of the laboring population, 56*n*., 78; town and country rents, 118*n*.; wages of women and men in agriculture, 375*n*., 380*n*.
Brassey, Thomas, *Work and Wages*, efficiency of labor among various nationalities, 45, 46, 72; diet of East Indians, 118*n*.; payment of wages to French laborers, 350*n*.; women in railway construction, 374*n*.; *Address at Halifax*, 277–278.
Bread winners, ratio to dependents, 126*n*., 191.
Brewster, Messrs., co-operative enterprise, 283*n*.
Briggs, Messrs., co-operative enterprise, 282.
Brickmaking, irregularity of employment in, 28; employment of women and children in, 52, 202.
Brittany, low stature of peasantry of, 50; language of, 175*n*.
Britton, J. W., co-operative enterprise, 283*n*.

Cairnes, J. E., *Essays in Political Economy*, effects of the gold discoveries on prices, 14*n*.; the doctrine of *laissez faire*, 162*n*, 168, 173; insufficiency of the employers' sense of self-interest, 164; *The Slave Power*, inefficiency of slave labor, 72; *The Logical Method of Political Economy*, (Ed. 1875) the law of diminishing returns in agriculture, 94*n*. 100*n*; ratio between population and subsistence, 119; the office of economic definition, 218; *Some Leading Principles of Political Economy, etc.*, 137*n*., 184; theory of "non-competing groups," 195–7; profits the reward of abstinence, 231; profits at or near the minimum, 233; excessive profits restored to wages, 237, 238, 253; co-operation, 264–265; are strikes successful? 298*n*.; excessive friction of retail trade, 314, 315.
Caird, James, dwellings in Scotland, 61; *Prairie Farming*, 91*n*.;
Canada, efficiency of labor in, 45.
Cantillon, M., ratio of breadwinners to dependents, 126*n*.
Capital, often supplied by the persons who perform labor in production, 8; does not furnish the measure of wages,; 130, 131; yet wages are largely advanced out of capital; does capital include land? 224-5; are the returns of capital at the minimum or not? 233, 237; does it make any difference to the wages class whether the returns of capital are at the minimum or not? 237-41.
Capitalist class, the, chap. xiii.; not coincident with employing class, 229, 244, 245; dependent equally with the laboring class, on the employing class, 290, 291.
Carey, H. C., *Essay on Wages*, 141, 382*n*.
Carpentering trade, irregularity of employment in, 28, 32.
Carpenters, the Amalgamated Society of, 399.
Catholic countries, holidays in, 29; priesthood, influence in favor of early marriages, 356*n*.
Census, United States, 1870, 66, 180, 375; Ireland, 1851, 111; Scotland, 1871, 175*n*., 191, 377.
Chadwick, Edwin, cost of rearing a child, 33*n*.; employers prefer high-priced labor, 41*n*.; effects of drill upon laborers; 72; difficulty of removing laborers, 185, 257; effects of education upon the condition of the laboring class, 353.
Chalmers, Thomas, *Political Economy*, 322*n*.
Chamberlain, E. M., *Sovereigns of Industry*, 288*n*.
"Channel Islands," the, tenure of land in, 208.
Charles II. (England), industrial legislation of his reign, 308.
Chateaubriand, M., wages a later form of slavery, 295.
Cherbuliez, A. E., *Précis de la Science Economique*, 131.
Cheerfulness in labor, 72-77.
Chevalier, M., *Lectures*, 99, 105*n*. 156, 170; *Travels in the United States*, 180*n*.
Children, irregularity of their employment in agriculture, 33; employed on work unsuited to their strength, 52, 53, 167, 168, 201–3; legislation respecting the employment of, 356-62.
China, food habits of the people, 118; immobility of the population, 176.
China scourers, excessive mortality among, 37.
Cider truck, 23, 327.
Cleanliness of person, affecting efficiency of labor, 60, 61.
Clerical profession, duration of life in, 37.
Clifford, Frederick, *The Agricultural Lock-out of* 1874, 47*n*., 117, 118*n*.

Clipperton, Consul, speech differences among population of France, 175*n.*
Clothing, its importance to the efficiency of the laborer, 58; relative expenditure of different classes for, 117 *n.*; is cheap clothing desirable? 122; comparative cost of clothing from cotton, wool, and flax, 122*n.*
Coinage, changes in, affecting nominal wages, 13
Cobden, R., English peasantry divorced from the soil, 208*n.*
Colwell, Stephen, *Ways and Means of Payment*, 13*n.*
Competition, when perfect, secures an absolutely right distribution of wealth, 157; imperfect or unequal competition may depress and degrade the laboring class, 165, 166, 220, 221, 239-41, 368*n.*, 385, 386; Prof. Cairnes' theory of "Non-competing Groups," 195, 202, 221, 222; competition opposed by the force of custom, 311.
Communal property in Switzerland, 351.
Consumption of wealth defined, 4.
Consumptive co-operation, 283-8.
Co-operation, defined, 247; erroneous characterization of, by Prof. Cairnes, 262-5; its real object is to get rid of the employing class, 265-8; anticipated advantages of, 268-72; its limited success, 272-75; its difficulties, 275-80; applied to agriculture, 281; partial co-operation, 282-3; consumptive co-operation subject to fewer difficulties, 283-4; anticipated advantages of, 284-6; statistics of, 287-8.
Continuity of employment, the employer's interest in, 300-2
Continuity of production, the employer's interest in, 298-9.
Corn Laws, repeal of, effect on English agriculture, 258.
Corsica, annual migration into, from France, 187*n.*
Cotter tenancy, 9, 212.
Cotton manufacture, irregularity of employment in, 30.
Cotton goods, cost of, compared with woollens, 122*n.*
Courcelle-Seneuil, M., *Opérations de Banque*, 252.
Cowell, Mr., effect of English poor laws on female chastity, 322.
Cow-land, concession of, 23; profits estimated, 24.
Coxe, Wm., *Travels*, the bearing of the Swiss peasantry, 260.
Cranworth, Lord, strikes always futile, 388.
Crowe, H. B. M. Consul-General, strikes in Norway, 396.
Currency, fictitious, effects upon wage labor, 310-3.
Custom, its office in protecting the weaker classes against unequal competition, 311.

Darwin, Charles, *The Origin of Species*, 104.
Debts, small: shall they be protected by law? 350*n.*
Definitions in political economy, 218.
Degradation of labor, the, chap. IV.
Denmark, proportion of foreigners in the population, 184; co-operation in, 287, 288; restrictions upon industry removed, 309; savings-banks statistics, 350*n.*; strikes, 396; trade clubs, 402.
Dependents, ratio to breadwinners, 126*n.* 191.
Devon, Lord, his commission on the condition of Ireland, 370.
Diffusion theory of taxation, 160, 316-8.
"Diminishing Returns" in agriculture, law of, chap. V.: does not apply to mechanical industry, 98; affecting wages, 150.
Distribution of wealth defined, 4; illustrated, 5, 6; in treating the questions of distribution we have to do with industrial classes, not functions, 7; the problem of distribution, chap. X.; deemed by Chevalier less important and difficult than the problem of production, 156.
Distributed exchanged for undistributed wealth, the effect on wages, 219-223.
Division of labor always a source of mechanical advantage, 90, 95; up to a certain point tends to increase agricultural wages, 147-9.
Ducarre, M., *Salaires et Rapports entre Ouvriers et Patrons* (1875), 87, 187*n.*, 274, 309*n.*, 341*n.*, 394*n.*
Dupin, M., his researches into French industry, 47.
"Dusty Trades," mortality of, 26.
Dwellings, laborers', often unfit for habitation, 61-4; effects of unsanitary and inadequate habitation on the moral elements of industry, 86; proportional expenditure of different classes on lodging, 117.

Earnings, extra, in trades, 24, 25; harvest, in agriculture, 26*n.*
Eden, Sir F. M., *History of the Poor*, 347*n.*
Education, influence on efficiency of labor, 65-7; relative expenditure of different classes, for, 117*n.*; loss of wages involved in, 123.
Edward III., industrial legislation of his reign, 304, 305, 307, 379.

Edward IV., law against truck, 326.
Edward VI., pauper legislation, 307, 320.
Egerton, H. B. M. Consul, inefficiency of Russian labor, 44; irregularity of factory attendance, 48; feebleness of the industrial desires of the Russian peasantry, 127*n.*; no factory legislation in Russia, 362; strikes in Russia, 396; "artels," 403.
Elizabeth, Queen, industrial legislation of her reign, 306, 307, 320.
Emigration of artisans from Great Britain forbidden by law prior to 1824, 307.
Employers of labor sometimes working at their trades, or personally supervising the laborers, 10; the sense of their self-interest not always sufficient, 59, 60, 164; profits their object in production, 129, 130; employers a distinct industrial class, 227, 228; not necessarily capitalists, 228, 229; under imperfect competition employers are not the guardians of the laborers' interests, 239, 240, 358; the employer the master of the situation, 290, 291; incapable employers live at the expense of the laboring class, 254-6; employers stimulated by increased competition on the side of the laboring class, 256-8; paid in some degree in honor and social distinction, 259; said by Adam Smith to be always in combination to lower wages, 393.
Employing class, the, chap. xiv.; to be distinguished from the capitalist class, 244, 245; a false employing class, 247-50; characteristics of the true employing class, 251, 252; this class in Switzerland, 259, 260; it is the object of co-operation to get rid of the employing class, 262-8; has either the employed or employing class an economical advantage over the other? chap. xvi.
Employed, the, none others belong to the wages class, 206, 207; the distinction between the employed and the non-employed the greatest structural fact of industrial society, 221.
Employment, the question of, is the true wages question, 269, 270, 290, 291; regularity of, affecting real wages, 26-33; continuity of, the employers' interest in, 300-2.
England, payment of agricultural wages, 20; duration of laboring power, 34, 35; efficiency of labor compared with that of India, 42; of various European countries, 43-6; north and south of England, relative efficiency of labor of, 47; statistics of height and weight, 50, 51; food of laborers, 54; degradation of the laboring population, how effected, 82-4; food habits of the people, 118, 120, 124*n.*; ratio of breadwinners to dependents, 126*n.*; rise of the wages-fund doctrine, 140; the peasantry divorced from the soil, 208, 211*n.*; effect on agriculture of the repeal of the corn laws, 258; co-operation in England, 272, 273, 282, 286, 287; laws in restraint of labor, 304-9; poor laws, 319-24; marriage statistics, 356, 381*n.*; factory laws, 359, 360; rents influenced by public opinion, 367; legislation against strikes and combinations, 392, 393; friendly societies, 403.
Engel, Dr., relative expenditure of families on food, clothing, etc., 116, 117.
Entrepreneur, the, (see Employing Class).
Erle, Sir Wm., the law of strikes, 393; report of his commission on Trade Unions, 399, 406.
Exchange of Wealth defined, 4; illustrated, 5, 6.
Exchange of distributed for undistributed wealth, its effect on wages, 6, 219, 220.

Factory legislation in England opposed by political economists, 162; its economical justification, 167, 175; its history in Europe, 356-62.
Faithfull, Miss, public opinion unfriendly to female labor, 384.
Famine, restricting population, 111, 112; periodical in India, 118*n.*; Irish famine of 1846-7, 121.
Farmer, the American, 5, 9, 227.
Fashion, changes in, working important effects on industry, 178-179.
Fawcett, Henry, *Political Economy* (McMillan, 1863), the Allotment system, 25*n.*; food of the laborers of the West of England, 56; wages are to be increased at the expense of profits, 57*n.*, 233, 234; equivalency of subsistence and wages, 133*n.*; differences in local wages in England, 187; transfer of labor from agriculture to manufactures, 204; co-operation in agriculture, 281; strikes sometimes successful, 389. *The Economic Position of the British Laborer*, laboring class insufficiently clothed, 58; statement of the wage-fund doctrine, 139; *Speeches*, truck, 336; opposition to the extension of female labor, 377. 378*n.*; *Daily News*, condition of agricultural laborers near Salisbury, 346.
Ffrench, Mr., higgling in Spanish retail trade, 315*n.*

Fellows, J. testimony respecting truck, 331*n.*
Finlaison, A. G., statistics of loss of time by sickness, 28*n.*; discovers error of British Government in sale of annuities, 400, 401.
Finnie, Mr., comparison of American Negro and East Indian laborer, 42*n.*
Fix, Théodore, *Les Classes Ouvrières.* Mining accidents rare in France, 37*n.*; ill-success of strikes, 388.
Food, in its relation to laboring force, 53-8; relative expenditure of different classes for, 117*n.*; habits in respect to, of various nations, 118-24; is cheap food desirable? 121-4.
France, payment of agricultural wages in, 20; of mechanical wages, 21; duration of the laboring power of the population, 34, 35; efficiency of labor compared with other countries, 43, 44, 46; North and South of, varying efficiency of labor, 47; statistics of height and weight, 51; food of the laboring population, 54; town and country rents, 118*n.*; speech-differences among population, 175*n.*; proportion of foreigners, 184; peasant proprietorship general, 209; frugality of the peasantry, 235; co-operation in France, 274, 282, 287; comparative freedom of industry, 309; taxation under the old régime, 317; marriage statistics, 356; factory legislation, 360, 361; laws against strikes and combinations, 394, 395; friendly societies, 402.
Francis, Sir P., good work not appreciated in Turkey, 60*n.*
Fraser, Mr., economy of woman's labor, 381.
Free-Traders, distinguished from the "Manchester" school, 161, 162.
Frugality, amongst Irish in America, 124; proportionately greater among laborers than among employers, 235; not encouraged by large and sudden rise of wages, 236; encouraged by co-operation, 271, 272; giving the wages class an advantage in competition for the product of industry, 345-8

Gairdner, Prof. unsanitary condition of Glasgow, 61.
Gallatin, Albert, the industrial freedom of the United States, 181*n.*
Gangs, agricultural, in England, 201.
Gardeners, longevity of, 37, 401*n.*
Garnier, Jos., *Traité d'Économie Politique*, 34*n.*
Geometrical increase of population, 102.
George III., industrial legislation of his reign, 306, 320, 359, 393, 394.
George IV., industrial legislation of his reign, 394.
Germany, payment of agricultural wages in, 20: industrial code requires payment of mechanics' wages in money, 21; food habits of people, 118; peasant proprietorship general, 209; co-operation in Germany, 274, 287; restrictions on industry, 309; factory legislation, 360; strikes, 395.
Germans easily adapting themselves to the ways of other people, 187*n.*
Gibbon, 29*n.*, 257.
Gilbert's act (English Poor Law), 320, 321.
Gleaning of fields, in part payment of wages, 22.
Girdlestone, Canon, the agricultural laborers of England, 38; food of Devon peasant, 55; unsanitary condition of dwellings in Devonshire, 61.
Goltz, Th. Fra, von der, *Die Lage der Ländlichen Arbeiter im Deutschen Reich*, 20
Gould, H. B. M. Consul; efficiency of Swiss factory labor, 44*n.*; loss of wages by school attendance, 123; industrial desires of the Swiss peasantry, 127*n.*; character of Swiss employers, 259, 260; co-operation in Switzerland, 274, 282.
Grattan, Consul, intemperance in Belgium, 78*n.*
Great Britain, consumption of liquors, 349; savings bank statistics, 350; friendly societies, 403.
Greece, holidays in, 29; efficiency of laborers, 44*n.*
Greek Church, holidays in, 29.
Greenhow, Dr., the effects on health of dry-grinding the metals, 36: the heat in copper mines, 38*n.*
Greg, W. R., *Social Enigmas*, 103.
Guilds, predecessors of the modern Trades Unions, 228; remains of, in Europe, 309; their beneficial influence, 405.

Hallam, Henry, *Constitutional History of England*, 369*n.*
Haines, W. P., married women in factories, 383*n.*
Harmonies, the Economic, 160, 197, 220, 221, 240, 316.
Harrison, Frederick, 183, 272, 277*n.*, 279*n.*, 291*n.*
Hastings, Geo. W., facility of the poor in becoming paupers, 334.
Head, Mr., statistics of retail trading, 285.
Hearn, Prof. *Plutology*, 27, 67, 76, 195, 196, 246.
Heath, Mr., *English Peasantry*, 21*n.* 23, 24.

Henry VI., industrial legislation of his reign, 392.
Henry VIII., industrial legislation of his reign, 320
Herries, Mr., payment of wages in Italy, 21; co-operation, 282; factory legislation, 362; strikes, 396; friendly societies, 403.
Hindoos, loss of time by holidays, 29; inefficiency of labor, 42.
Hirt, Dr., *Krankheiten der Arbeiter*, 30.
Holidays, loss of time by, 29; prescribed by factory legislation, 360, 361.
Holmes, H. B. M. Consul, good work not appreciated in Bosnia, 60*n*.
Holyoake, George J., extent of waste in production, 48*n*; co-operation, 286.
Hopefulness in labor, 72-7.
Hopper, R. W., strikes never successful, 388.
Horner, L., *Employment of Children in Factories*, 167, 360.
Hours of labor, 167, 168, 359-62
Hungary, the nobles of, freeing their serfs, 74, 75; taxation under the old régime, 318.
Hunter, Dr., *Famine Aspects of India*, 111, 112.
Huskisson, Mr., free trade in labor, 394.

Immigrants into the United States, accidents of their location, 181-3; into France, Macedonia, and Corsica, 187*n*.
Improvements, unexhausted, in agriculture, 281*n*.
India, efficiency of labor in, 42, 46; ineffective machinery employed, 67; famines, 112; food habits of the people, 118; immobility of the population, 177.
Industry, manufacturing, incessant movement of, 178.
Inglis, H., 24, 61, 76.
Insurance, Life, is expensive and fails to reach the working classes, 401.
Intelligence, a factor of the laborer's efficiency in production, 65-7; influences the distribution of the product, 352-4
Intemperance lowers the efficiency of labor, 78, 87; the great foe to frugality, 349, 350.
Interest, the term used in this treatise only of sums paid for capital actually loaned, 225, 226; is interest at the minimum? 234.
Inventions constitute an economical reason for increase of wages, 146, 147.
Ireland, the pig formerly paying the rent, 24; duration of the laboring power in, 34, 35; inefficiency of labor before the famine, 43, 45, 46; statistics of height and weight, 50; food of the laboring population, 55; unsanitary condition of dwellings, 61; proverbial indolence of the population accounted for, 76; the famine of 1846-7, 111; food habits of the people, 118; tenure of the soil, 213; relations between landlord and tenant influencing rents, 368-7.
Irish, in America, their frugality, 124; their accidental location, 182; in England, jealousy of, 176*n*; their early marriages at home and abroad, 355.
Italy, payment of wages in sulphur-mining, 21; peasant proprietorship increasing, 209; public sentiment protects the cultivator, 211*n*; co-operation, 282; factory legislation, 362; rents influenced by public opinion, 368; strikes, 396; friendly societies, 403.

Jarvis, Edward, cost of rearing children to be charged against their wages, 33*n*., 34*n*.
Jefferson, Th., the paper money of the American revolution, 16.
Johnson, Dr., eggs and pence in the Highlands, 17.
Johnston, Prof., *Notes on North America*, 92*n*.
Jones, Richard, *Political Economy*, 43, 125*n*., 208, 211*n*., 213*n*., 215, 217.
Justices of the peace (England), empowered to fix the rates of wages, 306; must be landed proprietors, 366.

Kane, Dr., *Industrial Resources of Ireland*, 43, 79, 80.
Kennedy, John, manufacturing improvements stimulated by industrial distresses, 257.
Kennedy, J. G., strikes in Belgium, 395.

Labor, often performed by the person who supplies capital in production, 8; mobility of labor essential to competition, 163; can labor be accumulated and saved? 292-4.
Labor, cost of, real distinguished from nominal, 40; efficiency of, causes of differences in the, chap. iii.; in connection with natural agents determines the amount that can be paid in wages, 131.
Labor-power, its duration an element in determining wages, 33, 402; cost of rearing children to age to labor, 33, 34.

Labor question, not identical with the wages question, 206.
Laborers, the several classes of, 9; the statute of, 395, 392.
Laing, Samuel, *Notes of a Traveller*, 71; *Denmark and the Duchies*, 309; *Tour in Sweden*, 310.
Laissez Faire, a practical rule, not a principle of universal application, 162, 168; applied to truck, 336; to factory legislation, 357–9; to strikes and trades unions, 385, 386.
Lamport, Charles, effect of unsanitary conditions upon life and laboring power, 65*n*.
Land, tenure of, in different countries, 207-13.
Laveleye, E. de., the orthodox political economy, 155.
Lecky, *History of Rationalism in Europe*, 29*n*., 405*n*.
Legal profession, duration of life in, 37.
Legislation in aid of labor, 168–73, 356-62; in restraint of labor, 302-9.
Leighton, Sir B., concession of Cowland, 24.
Leslie, T. E. Cliffe, *Land Systems of Ireland and the Continent*, 213*n*.
Levi, Leone, estimated number of working days in the year, 31.
Liquors, consumption of, in Great Britain, 349, 350.
Lock-outs affecting the regularity of employment, 30.
Locock, Mr., food of the laboring population of the Netherlands, 56*n*.; strikes, 395.
Longe, F. D., *Refutation of the Wage Fund, etc.*, 132*n*.
Lytton, Mr., coöperation in Austria, 288; the corporation system, 310.

Macadam, Dr. S., analyses of drinking water, 65.
Macaulay, T. B., *History of England*, 369, 370.
Macedonia, its winter population augmented by immigration, 187*n*.
Mahon, Lord, *History of England*, 41.
Machinery, waste of, with ignorant labor, 67; disturbances introduced by machinery into labor, 178, 189.
Malet, Mr., factory legislation in France, 361.
Malthusianism, chap. vi., cf. p. 357.
Manchester School of Political Economy, 161, 162, 336.
"Manchester Unity," the, its financial condition, 400.
Mansfield, Lord, the incidence of taxation, 316 *n*.
Martineau, H., *History of England*, 30, 176*n*., 322.
Marriage, procrastination of, 354, 355; statistics of age at marriage, 356; effects of recent social causes in diminishing marriage, 381.
Massachusetts Colony, industrial legislation of, 305, 306, 327.
Maurice (and Tallon), *Legislation sur le Travail des Enfants*, 361.
McCulloch, J. R. *Political Economy*, 105, 109*n*., 120*n*., 121*n*.; *Commercial Dictionary*, 350*n*.
McDonnell, *Survey of Political Economy*, 282.
Medical profession, duration of life in the, 37.
Metayer tenancy, 211, 212.
Mill, James, *Political Economy*, 144*n*.
Mill, John Stuart, *Political Economy* (Little & Brown, 1848), the allotment system, 25*n*.; influence of the imagination in economics, 77*n*.; the degradation of the English laboring population, 82*n*., 83*n*.; "diminishing returns" in agriculture, 96*n*.; working-classes as consumers of manufactured goods, 125*n*.; the wage fund doctrine, 143 *n*.; the law of international values, 196, 197; co-operation, 282; the office of custom, 311, 313, 314; small means produce no effect in elevating a people, 345*n*.; effect on wages of the ownership of property by the wages class, 348; women as artisans, 379; *Some Unsettled Questions of Political Economy*, the economic man, 174, 175; *The Fortnightly Review*, wage fund doctrine, 139, 140.
Mining, accidents in, to be considered in computing the wages paid, 36*n*.; sulphur, in Italy, payment of wages, 21.
Mobility of labor essential to competition, 163; actual mobility of labor, chap. xi.; interference by law with, 307-9; (see chaps. xviii., xix., *passim*); diminished in the case of women by physiological causes, and by their failure to receive the support of public opinion, 377-8.
Money, the purchase-power of, affecting nominal wages, 13.
Morris, O'Connor, religious differences in Ireland, 369*n*.
Muggeridge, Mr., immobility of English labor, 185; testimony respecting frame-rents, 334, 335.
Mulholland, John, comparative cost of clothing from cotton and from flax, 122*n*.
Mundella, A. J., superior efficiency of North of England laborers, 47.

Napier and Ettrick, Lord, intellectual relations of England and America, 142*n*.

Nationality, affecting the efficiency of labor, 43-6.
"Necessary Wages," the doctrine of, chap. vii.
Neison, Dr., statistics of mortality in various trades, 37.
Netherlands, the food of the laboring population of, 56; habits respecting dwellings, 118*n.*; proportion of foreigners, 184; marriage statistics, 356; absence of factory legislation, 362; strikes but little known, 395; trade clubs, 402.
New England, food habits of the people, 123, 124.
Newmarch, Wm., factory legislation, 359.
Newman, F. W., *Lectures on Political Economy*, 158*n.*
Nicholls, Sir George, *History of the English Poor Laws*, 321.
Nominal distinguished from real wages, 12; causes which produce the divergence, 13 et seq.
Nominal distinguished from real cost of labor, 40; causes which produce the divergence, 41 *et seq.*
Normandie, M., report on savings banks in Europe, 350.
Northcote, Sir Stafford, real distinguished from nominal wages, 38, 39.
Norway, marriage statistics, 356; strikes, 396.
Norwegians in the United States, 182.

Occupation, change of, frequent necessity for, 178; Adam Smith's view, 192, 193; Prof. Cairnes' view, 193; his theory of "Non-Competing Groups," 195-202; change of occupation formerly forbidden or restricted by law in England, 306, 307; women, by 37 Edward III., allowed to interchange trades, 379*n.*; access to trades restricted by "union" regulations, 403, 404.
Ollivier, M., the act (France) of May 25, 1864, 394.
Opinion, public, influential in determining wages, 362-69; in determining rents, 369-72.
Organization of industry conducing to efficiency, 67-72.

Painting, house, irregularity of employment in, 28, 32.
Pakenham, Mr., the food of Belgian laborers, 56*n.*
Palgrave, Consul, good work not appreciated in Anatolia, 60*n.*
Palmer, C. M., the removal of laborers, 346.
Paper money, changes in circulation affecting nominal wages, 14; of the American Revolution, 16; fluctuations in paper money placing the wages class at a disadvantage, 310-3.
Parsimony of employers opposed to true economy, 58, 59, 164.
Payment of wages, variety in form of, 19; payments in kind, 324-7.
Paupers in England in 1833 better fed than independent laborers, 57; laborers, once become paupers, seldom recover tone, 88; English laws of pauper settlement, 308, 309.
Peasant proprietorship of land, 5, 9, 207-9, 243.
Pennant, Th., *Tour in Scotland*, 324.
Perry, A. L., *Political Economy*, 138, 139, 143; *The Financier*, 81, 82, 253.
Peto, Sir M., testimony respecting truck, 329.
Petre, Mr., payment of agricultural wages in Prussia, 20*n.*; the practice of "wandering" in manual trades in Germany, 187*n.*
Phipps, Mr., married women but little employed in factories in Würtemberg, 383*n.*
Piece-work, how to compute the wages of, 13*n.*
Pig, permission to keep, 23; formerly paying the rent in Ireland, 24.
Political Economy, the orthodox, 155; the *à priori* school, 175.
Poor Laws, English, 308, 309; effect on wage labor, 319-22.
Population, Malthus' law of, chap. vi
Porter, G. R., *The Progress of the Nation*, 12; *Statistical Journal*, 350.
Potato, the, its use as the sole article of food, 121-4.
Poverty the curse of the poor, 166.
Prices and Wages, 13; differences in local prices introduce great complexity into computations of wages, 17.
Production furnishes the measure of wages, chap. viii.; continuity of, the employer's interest in, 298, 299.
Profits, certain classes of laborers paid from profits, not from revenue, 9; profits, the object in giving employment, 128-30, 291; the expectation of profits the test of wage labor, 216, the term made by some economists to include the wages of supervision and management, 10; in this treatise it signifies the gains of the employer, aside from the returns of capital, 230; are excessive profits restored to wages? 237-9; are profits at the minimum? 252-61; rates of profit, 268.
"Protective" Tariffs supported by arguments which confound wages and the cost of labor, 41.
Prussia, relative expenditure of different classes for food, clothing, etc., 117*n.*; factory legislation, 360, 361;

women in agriculture, 380*n.*; strikes, 395*n.*; trades unions and friendly societies, 402.
Purdy, Fred'k, payment of wages in Wales, 20*n.*; in England, 21*n.*; harvest wages in Ireland, 26*n.*; irregularity of agricultural wages, 27*n.*; substitution of corn-meal for the potato in Ireland, 120*n.*; difference in local agricultural wages, 186*n.*; division of the annual product of land in England, 269*n.*; cider and beer payments in English agriculture, 327; women in agriculture, 380*n.*

Quarrying, irregularity of employment in, 28.
Quetelet, A., statistics of height and weight, 50, 51.

Real, distinguished from nominal wages, 12.
Real, distinguished from nominal cost of labor, 40.
Rent, in part payment of wages, 21; Ricardo's theory of rent, 224, 225; the term only used in this treatise of sums paid for land actually leased, 225, 226; rates of rent influenced greatly by public opinion, 367-72; rental of machines, 332-5
Report (House of Commons), Employment of women and children in agriculture, 20*n.*, 22, 24, 47, 52, 53, 72, 176*n.*; 201, 202, 382*n.*; Friendly Societies (1874), 403; Railway laborers (1846), 176, 329; Poor Law Commissioners (1831), 322*n.*; (1832), 322*n.*; (1833), 57, 86*n.*; (1842), 34, 37, 62, 64, 85; stoppage of wages, 1867; Payment of Wages Bill (1854), 21*n.*; 255*n.*, 256*n.*, 329; to Local Government Board (1873), 52, 69, 378*n.*
Respect and sympathy for labor, influential in determining wages, 362-72; wanting in the case of women as laborers, 383, 384.
Retail trade, failure of competition in, 311-5.
Returns of capital, the term how used in this treatise, 225, 231, 232.
Revenue, certain classes of laborers paid from the revenue of their employer, and not from profits, 9.
Ricardo, David, his theory of rent, 224*n.*; definition of the banking function, 228.
Richard II. (England), industrial legislation of his reign, 305, 307; insurrection of the serfs, 390.
Rickards, Prof., the doctrine of Malthus, 195.
Riesbach, Baron, habits respecting dress of North and South Germans, 117.
Rogers, J. E. Thorold, *Political Economy*, 66; increased productiveness of English agriculture, 93*n.*; cheap food undesirable, 121; effects of fashion on manufacturing industry, 179*n.*; popular tenure of the soil, 211*n.*; profits—interest, 231*n.*, 233; co-operation defined, 267*n.*; the English law of pauper settlement, 308; competition in retail trade, 315; frugality of Cumberland and Westmoreland peasantry, 347; rents in England, 368; the condition of the Irish peasantry before the famine, 370*n.*; *History of Agriculture and Prices in England*, freedom of labor movement, 13th to 15th century, 187*n.*; peasantry divorced from the soil, 222, 223; industrial legislation following the Black Death, 304; women in trades, 379; the servile insurrection, 390; *Cobden and Political Opinion*, the incidence of taxation, 316; rents in England influenced by public opinion, 367; *Notes to Adam Smith's Wealth of Nations*, 317.
Rose, Edwin, superiority of English labor, 43, 68.
Rumford, Count, *Essays*, 166*n.*
Russia, holidays in, 29; inefficiency of labor, 43; irregularity in factory attendance, 48*n.*; feebleness of the industrial desires of the peasantry, 127*n.*; mobility of the laboring population, 180; peasant proprietorship increasing, 209; savings banks statistics, 350*n.*; absence of factory legislation, 362; value of serfs before emancipation, 373; women in agriculture, 379*n.*; strikes, 396; "artels," 403.
Ryot tenancy, 9, 212.

Salary or stipend class, not wage-laborers, 215, 247, 296*n.*
Sanitary Commission of the U. S., *Statistical Memoirs*, 51.
Savings banks statistics, 347, 349, 350.
Say, J. B., 166, 167*n.*
Scotland, payment of agricultural wages in, 20; efficiency of labor, 47; statistics of height, 50; former indolence of the population, 76; food habits of the people, 118, 120*n.*; speech differences among the population affecting the mobility of labor, 175*n.*; proportion of bread-winners to dependents, 191; tenure of land, 208; marriage statistics, 356, 381*n.*; women in agriculture, 381*n.*
Scott, H. B. M. Consul, expenditures of different classes in Würtemburg, 118*n.*; women in manufacturing industry, 383*n.*

Sedgwick, T., *Political Economy*, 5.
Senior, Nassau W., *Political Economy*, 4, 9*n*., 42, 97, 104, 124*n*., 125*n*., 184, 185, 208*n*., 239*n*. 356*n*. ; *Lectures on Wages*, 25, 26 ; *Foreign Poor Laws*, 323.
Settlement, English law of pauper, 308.
Sexual restraint, influence on wages, 354-6.
Shaftesbury, Earl of, laborers' cottages, 23.
Shares, laborers hired on, not properly wage-laborers, 214.
Sickness, loss of time by, an element in determining real wages, 28; statistics of, 63 ; friendly societies insuring against, 399, 402.
Simon, Jules, *L'Ouvrière*, 380*n*.
Sismondi, land the true savings bank, 348; public opinion influencing rents in Italy, 368.
Slavery, the master's interest not preventing abuse or neglect, 59.
Slave labor, always ineffective, 73, 74.
"Sliding Scale," in wages, 270, 271.
Smith, Adam, *Wealth of Nations* (Rogers' edition), ineffectiveness of slave labor, 73; wages the encouragement of industry, 80 ; habits of various nations respecting clothing, 124*n*. ; proportion of bread-winners to dependents, 125*n*. ; the immobility of labor, 186 ; changes of occupation, 192 ; the salary or stipend class, 215, 216 ; the ordinary rate of profit, 268*n*. ; combination of masters to lower wages, 393.
Smith, Angus, carbonic acid gas in mines, 37.
Smith, E. Peshine, *Political Economy*, 58, 141.
Smith, George, excessive labor of children in brickyards, 52.
Social Science Transactions, 1864, 286 ; 1865, 37, 48 ; 1866, 23, 61 ; 1867, 55, 65, 122*n*. ; 1868, 47 ; 1869, 38, 39 ; 1870, 52, 65 ; 1871, 274, 324 ; 1872, 24, 142*n*., 285 ; 1874, 202.
Southern States (U. S.), payment of agricultural wages in, 20.
Spain, higgling in retail trade, 315*n* ; absence of factory legislation, 362.
Spencer, Herbert, *Principles of Biology*, 259*n*.
Spender, Edward, cider truck in England, 327.
Spinsters, proportional number in England and Scotland, 381*n*.
Spitalfields, the condition of the population, 85
Stanhope, Edward, laborers' cottages, 22*n*.
Statistical Journal, xii., 350 ; xx. 184 ; xxii., 350 ; xxiii., 375 ; xxiv., 20, 21, 30, 178, 186*n*, 187*n*, 327, 359 ; xxv., 26*n*., 33*n*. ; xxvi. 122*n*. ; xxvii., 33*n*., 327 ; xxviii., 48, 72, 178, 185, 257, 353 ; xxx., 388.
"Statute of laborers," 305, 392.
Strachey, Mr., Germans easily adapting themselves to the ways of other peoples, 187*n*. ; coöperation in Denmark, 287, 289 ; restrictions on industry removed in Denmark, 309 ; strikes, 396 ; trade clubs, 402.
Strikes, loss of time by, 30 ; duration of, 31 ; coöperation would abolish, 241 ; when strikes may be regarded as unsuccessful, 298*n*. ; strikes against the labor of women, 373*n*. ; the possible utility of strikes often decided against, on grounds of the wage fund, 385, 386 ; on the ground that they always fail, 388, is this conclusive ? 389 ; strikes are the insurrections of labor ; may be justified by ultimate results, 390-392 ; legislation against strikes in England, 392 ; in Europe, 395, 396.
Stuart, Consul, holidays in the Eastern church, 29*n*. ; lack of machinery in Epirus, 67.
Subsistence, tends to increase more slowly than population, 102-5 ; the condition precedent of production, 132, 133.
Sweden, duration of the laboring power in, 34, 35 ; marriage statistics 356, factory legislation, 362.
Swedes in the United States, 182.
Switzerland, efficiency of labor in, 45*n*. ; industrial desires of the peasantry, 127*n*. ; character of the employing class 259, 260 ; coöperation, 274, 282 ; savings banks statistics, 350 ; division of landed property 351, factory legislation, 361.
Sykes, Col., the dwellings of Lancashire, 61.
Sympathy, public, influential in determining wages, 362-9 ; in determining rents, 369-72 ; wanting in the case of women as laborers, 383, 384.

Tallon and Maurice, *Legislation sur le Travail des Enfants*, 361.
Taylor, H. B. M. Consul, Eastern marriage customs, 116.
Taylor, W. C., married women in factories in England, 383*n*.
Taxation, under perfect competition, is diffused equitably, 160 ; under imperfect competition the wages class may be put at disadvantage by its incidence, 315-18.

Thompson, Mr., superiority of English labor, 69.
Thompson, J., Perronet, food habits of the Irish and the English, 118*n.*
Thornton, *Over-Population*, 25*n.*; *On Labor*, 50*n.*, 279*n.*, 293–5.
Tory Party, of England, influence in favor of early marriages, 356*n.*
Trades Unions, not to be condemned simply because they are restrictive, 172; their economical nature, 396; as friendly societies, 399.
Truck-payments make it difficult to compute real wages, 20; truck defined and described, 324–7; English legislation respecting, 327; reasons for truck, 328, 329; profits of, 330, 331; abuses of, 331, 332; economical nature of, 335-344; controlled by public opinion, 361*n.*
Tuffnell, Carleton, inefficient labor not wanted at any price, 49*n.*
Turkey, holidays in, 29; good work not appreciated, 60*n.*; marriage customs, 116.

United States, difficulty of computing real wages, 19; payment of agricultural wages, 20; agricultural wages prior to 1850, paid largely in kind, 21; duration of the laboring power, 34, 35; statistics of height and weight, 51; food habits of the people, 123, 124; ratio of breadwinners to dependents, 126*n.*; wages paid directly out of the product of labor, 135, 136; prevalence of the wage fund doctrine explained, 140-42; increase in the number of laborers bringing increase of wages, 149; Chinese in the United States, 176; mobility of the laboring population, 180, 181; foreigners in the United States, 181, 182; tenure of the land, 227; coöperation, 228; great extension of retail trading 1860-70, 313; savings banks statistics, 351, 352; early marriages, 355; great irregularity in the distribution of female industries, 375; women in agriculture, 380*n.*; women in manufactures, 382, 383.

Vauban, Marshal, loss of time by holidays, 29.
Vethake, H., *Political Economy*, 141.
Victoria, industrial legislation of her reign, 360.
Villermé, M., statistics of height and weight, 50, 51; excessive labor of children, 167, 168.

Wages affected by the exchange of distributed for undistributed wealth, 6, 266; made by some economists to include the remuneration of five classes of laborers, 10; nominal distinguished from real wages, 12 (chap. ii.); distinguished from cost of labor, 40; measured by the product of industry, chap. viii.; affected by causes which influence the efficiency of labor, 145; by inventions and improvements, 146, 147; large and sudden rise of, not promotive of frugality, 235; laws fixing wages, 304–6; wages of women, 372-384.
Wages-class, chap. xii.; has either the wages or the employing class an advantage over the other? chap. xvi.; how the wages class may be put at disadvantage in competition with employers, chap. xvii.; what may help them in competition, chap. xviii.; may any advantage be given them through strikes or trades unions? chap. xix.
Wage-laborers less industrious than those working on their own account, 75–7; less frugal, 271, 272.
Wage-fund, the doctrine of, chap. ix.; stated, 138–40; its prevalence accounted for, 143; refuted, 144–50; made use of by some economists to settle the question of strikes, 385, 386.
Wales, payment of agricultural wages, 20*n.*
Welsh in the United States, 182.
Walker Amasa, *Science of Wealth*, 141*n.*, 231*n.*
Walsham, Mr., employment of children in factories in the Netherlands, 362.
Ward, J., *Workmen and Wages*, 13*n.*, 389*n.*, 395, 396, 402.
Waste, an element in all work, 48, 66; encouraged by excessive profits, 257, 258.
Watts, John, loss of time by strikes, 30.
Water, impurity of, affecting the efficiency of labor, 60, 65.
Wayland Francis, *Political Economy*, 141*n.*
Wells, David A., *Reports on U. S. Revenue*, 44*n.*, 45*n.*
Wheeler, Mr., *Cotton Cultivation*, 42*n.*, 67.
Whewell, Dr., the economic man, 175.
White, J. E., steel dust in needle factories, 32; excessive labor of children in factories, 52, 53, 201, 202.
Whitworth, Sir Jos., false economy of employing cheap labor, 41*n.*; of underfeeding, 58*n.*; discipline an element of efficiency, 98*n.*
William IV., industrial legislation of his reign, 322, 327, 328, 360.

Winthrop, Governor, *History of New England*, 240, 241, 342.
Wolowski, M., restrictions on the labor of children, 358*n*.
Women, irregularity in the employment of, in agriculture, 33; work unsuited to their sex, 52; their wages inadequate to their service, 372, 373; have especial need to move to the labor market, 375, 376; but are peculiarly disabled therein, 376–8; by actual obstruction on the part of men, 377, 378; by lack of public sympathy and support, 379; their need to enter the labor market comparatively modern, 379-81; the supposed necessity often not a real one, 381; loss and waste in the family by reason of the absence of the wife and daughter, 382, 383.
Workhouse test for able-bodied paupers, 370–4.
Würtemburg, expenditures of different classes, 118*n*.; married women in factories, 383*n*.

Young, Arthur, *Travels in Ireland*, 43, 76, 183, 339, 368, 369, 380*n*.; *Travels in France*, 75, 227.

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HB301.W18 1882
The wages question
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